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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 57 HON. PAUL G. BRECKENRIDGE, JR., JUDGE

CHURCH OF SCIENTOLOGY OF
CALIFORNIA,

 Plaintiff,

 vs.

GERALD ARMSTRONG,

 Defendant.

MARY SUE HUBBARD,

 Intervenor.)

No. C 420 153

REPORTERS' DAILY TRANSCRIPT

Tuesday, May 22, 1984

VOLUME 17

Pages 2662 - 2850, incl.

APPEARANCES:

(See Volume 15)

COPY

NANCY HARRIS, CSR #644
HERBERT CANNON, CSR #1923

INDEX FOR VOLUME 17

<u>DAY</u>	<u>DATE</u>	<u>SESSION</u>	<u>PAGE</u>
Tuesday	May 22, 1984	A.M.	2662
		P.M.	2750

WITNESSES

<u>DEFENSE WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
ARMSTRONG, Gerald (Resumed)		2662	2674 2729 2844		2728-F
HUBBARD, Mary Sue (Under 776 E.C.)	2751	2828	2835	2842	

EXHIBITS

<u>DEFENSE EXHIBITS</u>	<u>IDENTIFIED</u>
DDD - Photograph	2680
EEE - Document "CIC X Mark Sheet"	2695
FFF - Letter dated 8-14-82	2707
GGG - Armstrong notes	2709
HHH - Confidential Pack 1 of 3	2719
III - "Operations, definitions, button survey"	2727
JJJ - Document from "Arden's PC folder" dated 7-28-72	2805
MMM - Form on Kermit V. Miller	2810
NNN - Form on Emmylee Lynn	2810
OOO - "Intel Weekly Report" for 6-29-72	2812
PPP - Letter beginning Dear Henning:	2815
QQQ - Letter to "DGUS"	2816
RRR - Excerptions of IRA H PC Files	2819
SSS - Not described	2843

EXHIBITS (Continued)PLAINTIFF'S EXHIBITSIDENTIFIED

68 - Booklet L. Ron Hubbard	2672
66 - Letter starting "Dear Red"	2666
67 - Letter dated 9-30-29	2667
69 - Conveyance of freehold property St. Hill Manor dated 11-16-76	2673

1 LOS ANGELES, CALIFORNIA; TUESDAY, MAY 22, 1984; 9:02 A.M.

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3
4 THE COURT: Okay. We are back in session.

5
6 GERALD ARMSTRONG,
7 having been previously duly sworn, resumed the stand and
8 testified further as follows:

9 THE COURT: State your name again for the record, sir.
10 You are still under oath.

11 THE WITNESS: Gerald Armstrong.

12 THE COURT: All right, you may continue, Mr. Harris.

13 MR. HARRIS: Yes, thank you, Your Honor.

14
15 CROSS-EXAMINATION (Resumed)

16 BY MR. HARRIS:

17 Q I gave you exhibit 65 to look at last night,
18 Mr. Armstrong.

19 Did you bring that back with you?

20 A Yes, it is over there with Mr. Flynn.

21 MR. HARRIS: You have your own copy, correct, Mr. Flynn?

22 MR. FLYNN: What does that say? We apparently didn't
23 mark it yesterday afternoon.

24 THE WITNESS: It is marked on the bottom 65.

25 MR. HARRIS: It starts out, "Aboard USS Gold Star at Sea."

1 Q BY MR. HARRIS: Have you had an opportunity to
2 review exhibit 65, sir?

3 A I had an opportunity. I didn't, but I am to some
4 degree familiar with it.

5 Q All right. Now, exhibit 65 puts Mr. Hubbard
6 aboard the USS Gold Star at sea October 6, 1928; did you make
7 a time track of where he went on the USS Gold Star?

8 A Nothing other than this document itself.

9 Q And at page 36 of that document he appears to be
10 off the coast of China; right?

11 A Correct.

12 Q And the next page has him leaving Tsingtau,
13 T-s-i-n-g-t-a-u; right?

14 A Yes.

15 Q And then it appears that he goes into Peking; is
16 that correct?

17 A He must have docked somewhere, I guess.

18 Q Page 42 dated November 11, 1928, "I have just
19 returned from Peking, the Civic Center of old China"; do you
20 recall that?

21 Q By the way, you said that Mr. Hubbard noted that
22 the Llamas in Peking sounded like bull frogs?

23 A I believe that is the case. Somewhere
24 he mentions them as -- "Bhudist Temple -- "

25 Q Could you look at page 44 of that?

26 "The people worshipping had voices like
27 bull frogs and beat a drum and played a bass
28 horn to accompany their singing"?

1 The worshippers sounded like bull frogs?

2 THE COURT: It says " ... had voices like bull
3 frogs."

4 MR. FLYNN: The worshippers, Your Honor.

5 THE WITNESS: You think the worshippers are not
6 the Llamas?

7 Q BY MR. HARRIS: Do you know that they are?

8 A Well, I have heard Llamas chant. And they
9 sound like bull frogs.

10 Q To you?

11 A I think Mr. Hubbard corroborates it.

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1 Q Let me ask you this: At the bottom of
2 that page it talks about "The western hills are filled
3 with these very same temples." Do you note that?

4 A Okay.

5 Q Was there a period of time, Mr. Armstrong,
6 that the documents that you had in your possession showed
7 nothing insofar as the years 1928 and '29, as far as
8 where Mr. Hubbard was?

9 A That they showed nothing?

10 Q Yes, that you didn't know where he was
11 one way or the other.

12 A Well I think when I set out on the project
13 initially, the major documentation which I had was the
14 PR packs which indicated that he was both studying under
15 Commander Thompson and wandering around Asia through
16 those years, so that was what I had at the outset.

17 Q Well, in researching Mr. Hubbard's Asian
18 travels, did you check with any governmental agency to
19 see if you could find further documentation of where
20 he was in 1928-29?

21 A No.

22 Q Did you check with the government of Guam
23 to see if you could determine where he was in 1928-29?

24 A No I had records from his father and a
25 statement from his father that was provided for getting
26 Mr. Hubbard into school, and those showed pretty well
27 where he was during particular periods.

28 Q That was a documentation from his father

1 of where Mr. Hubbard had been during the years '28 and
2 '29?

3 A Basically. It laid out the time that he
4 had spent in Guam in any case.

5 MR. HARRIS: I have a document, Your Honor, which
6 appears to be a letter "Dear Red" which I will show the
7 original to the court of. I have a Xerox copy.

8 Q Do you recall seeing exhibit 66, Mr. Armstrong,
9 in your archives?

10 A Yes.

11 MR. HARRIS: Sorry if I didn't mark it. I thought
12 I did; 66.

13 THE COURT: All right, be so marked.

14 Q BY MR. HARRIS: You passed that letter
15 on to Mr. Garrison; is that correct?

16 A Yes.

17 Q And some evidence of the period when Mr. Hubbard
18 was in Asia?

19 A Yes.

20 Q And from the period where that letter which is
21 apparently addressed to Mr. Hubbard on Guam, from that period
22 to September 30, 1929, did you have anything in your archives
23 which showed where Mr. Hubbard was?

24 A I believe so, but I can't tell you for sure at
25 this instant.

26 Q In fact, from January 1928 to September of
27 1929 you didn't have anything in your archives which put
28 Mr. Hubbard anywhere?

1 A I think that there is some correspondence from
2 Harry Hubbard which shows where he is.

3 Q And is that under seal?

4 A I believe so. There is at least one document
5 under seal which refers to that or lays out part of the picture
6 in any case.

7 MR. HARRIS: I have a document letter, Your Honor,
8 Helena, Montana, September 30, 1929. May this be marked
9 exhibit 67?

10 THE COURT: Yes.

11 Q BY MR. HARRIS: Within the archives, Mr. Armstrong,
12 you had that exhibit; did you not?

13 A It is very possible.

14 Q September 30, 1929, at least if the letter is to
15 be believed, Mr. Hubbard is now in school?

16 A Yes.

17 Q Now did you check any of the passenger manifests
18 of any of the vessels indicated in the diaries that you now
19 had a chance to see?

20 A I believe that in -- there was a check done and
21 I don't recall which vessel, one of these ones mentioned and--

22 Q The Gold Star?

23 A I don't recall which one.

24 Q Who did that?

25 A I saw information on that in the archives. I
26 don't recall if it was the Gold Star or if it was from the
27 earlier trip.

28 Q Now, in respect to Mr. Hubbard's trips to China,

1 the Peking trip that is indicated in exhibit 65, was that the
2 YMCA trip that you are talking about?

3 A I beleive there is something that shows that
4 this was the YMCA trip. I can't tell from this document
5 itself. There was a mention, I think, of the Y in there,
6 but I don't think it is in connection with the trip. There is
7 a reference in there indicating that it was a trip which was
8 done with his parents.

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1 I can only deduce that from photographs which were
2 taken from that period, some of which were in archives.

3 Q The documents that contains the reference to
4 the YMCA trip is in exhibit 65?

5 A No. There is something else which -- there is,
6 I believe, a mention of the YMCA in here, but I don't think that
7 this mentions the trip exactly.

8 Q What is the document from which you concluded
9 that this was the YMCA trip; that is, the one that is outlined
10 in exhibit 65.

11 A There were some tickets from Mr. Hubbard's
12 materials and some mentions in some other notes. And there is
13 something about the time, being able to date it by the time
14 and by the length of time spent on this -- on his tour of
15 Peking.

16 Q Well, is it your testimony, Mr. Armstrong, that
17 Mr. Hubbard was only in Peking one time in the years 1925
18 through 1929?

19 A Well, what I was able to show was one time;
20 whether or not he was there when documentation showed him to
21 be somewhere else is impossible to say at this point.

22 What was obvious to me was that between 1924 and
23 1929 he had not been wandering around Asia. That was the
24 predominant fact.

25 Within that, not to take anything away from
26 Mr. Hubbard, he did touch down from aboard ship in a number
27 of ports. And he did, apparently take a tourist's tour of
28 Peking. I am aware of those things.

1 But at least within the documents that you had,
2 you were unable to conclude that he had been in Peking more
3 than once; is that correct?

4 A That is correct.

5 Q All right. Now, you made some search for
6 Commander Thompson, did you not?

7 A Yes. There was a number of searches which were
8 done -- gone through records of -- any records of Freud's
9 students or to establish during this period of several years
10 when Mr. Hubbard was supposed to have been studying with
11 Commander Thompson any note about Thompson or any possible
12 place that they could have been together.

13 Q When you say --

14 A There was a reference on a tape that he had
15 met Commander Thompson while going through the Panama Canal.
16 And I found one of his diaries about going through the Panama
17 Canal. And although many things are mentioned in it, there is
18 nothing about Commander Thompson in it during that period.

19 Q When you say --

20 A I was also able to ascertain, as Mr. Hubbard
21 was, in Helena, Montana, Bremmerton, Washington, and other
22 places throughout that period, it seemed like the contact
23 with Commander Thompson was minimal and certainly not four
24 years in length.

25 Q When you say, "It was done," what do you mean,
26 that you did it, or you directed somebody else to do it?

27 A What are you referring to as "it" right now?

28 Q Well, you said an attempt to find Commander

1 Thompson; it was done. I want to know what did you do,
2 Mr. Armstrong, to find Mr. Thompson?

3 A As I said, I obtained a number of books regarding
4 Freud to find any record of Commander Thompson among those
5 people who had studied with him and was unable to.

6 The only positive record of a Commander Thompson
7 that I found was a Commander Thompson who in 1945 signed a
8 form, apparently, for Mr. Hubbard.

9 And then I was able to determine that the number
10 of medals Mr. Hubbard was claiming on this form were in fact
11 not valid at all and that -- that is what I was able to
12 determine.

13 Q And have you now told me all that you were
14 able to determine about Commander Thompson, Mr. Armstrong?

15 A Other than what Mr. Hubbard had said about
16 Commander Thompson, yes.

17 Q Did you contact the Freudian Institute in
18 Vienna, Austria to find out who the students were at the time?

19 A No.

20 Q Did you check the government publications of
21 active and inactive officers?

22 A No. We didn't have a name for him, just "Snake",
23 just Snake Thompson.

5
1 Q By the way, in your direct testimony you indicated
2 that you thought the organization would not allow a truthful
3 biography of Mr. Hubbard to be written; is that correct?

4 A Yes.

5 MR. HARRIS: I have a document "L. Ron Hubbard," Your
6 Honor, a booklet. May that be marked exhibit 68?

7 THE COURT: Very well.

8 Q BY MR. HARRIS: Directing your attention to
9 exhibit 68, did you see that while you were still in the
10 organization?

11 A It is possible.

12 Q Who was that written by, Mr. Armstrong, if you
13 know?

14 A Well there were three people who worked on such
15 a work, and I don't know if this is a compilation or -- I
16 don't know that I ever saw the final form. One was Harry
17 Haber. One was Joe Burgess. One was -- what is her name --
18 Julia Watson, and all of those people were involved in the
19 latter part of 1981 or the summer of '81 writing.

20 Q And you, in fact, had communications with those
21 people about what was going to go in the biography; is that
22 correct?

23 A They came in and used the archives and wrote in
24 the area where I was; not Julia. She didn't sit down and
25 write there. The other two did. Julia borrowed a lot of
26 material in the archives.

27 Q And they didn't talk to you or consult with you
28 about what they were doing, Mr. Armstrong?

1 A Oh, yeah. They asked me for information,
2 certainly.

3 Q And you gave it to them?

4 A Yes.

5 Q And some of it showed up in what you now have
6 as exhibit 69 -- excuse me, 68?

7 A It may have. This isn't exactly how I recall
8 it, but it probably did if this is their product.

9 Q Well, you know that that is their product; don't
10 you?

11 A No. As I say, I don't believe I have ever seen
12 this final thing like this, but I saw, when they were doing
13 a work like this, I saw the manuscript. I didn't see the
14 final document.

15 MR. HARRIS: All right. I have a document, Your Honor,
16 dated 16 November, 1967, conveyance of freehold property known
17 as Saint Hill Manor. May this be marked exhibit 69?

18 THE COURT: Yes.

19 Q BY MR. HARRIS: Would you look at exhibit 69,
20 Mr. Armstrong, and tell us if you have seen that in your
21 archives?

22 A It is very possible I did. I don't believe that
23 I ever -- it may have been copied, but I don't recall.

24 MR. HARRIS: No further questions.

25 THE COURT: All right. Well, Mr. Flynn, you have a
26 right to redirect examination.

27 MR. FLYNN: Thank you, Your Honor.

28 Your Honor, before I begin, I had let Mr. Litt

1 know that my witness after Mr. Armstrong is Mrs. Hubbard.

2 MR. LITT: She will be here at 10 o'clock, Your Honor.

3 MR. FLYNN: Fine.

4 MR. LITT: Or between 10:00 and 10:15, I should say.

5
6 REDIRECT EXAMINATION

7 BY MR. FLYNN:

8 Q Mr. Armstrong, let's focus in on the period
9 immediately after Mr. Wilhite told you that Lyman Spurlock,
10 an attorney, had the pictures. That is the time period we
11 are dealing with.

12 Now, after you saw Mr. Wilhite and you went to
13 the church property and you had a conversation with people
14 at the church property, what was the nature of the
15 conversation with regard to the two sets of photos from the
16 Dincalcis and the Douglasses as to whether or not you had
17 stolen them; what was said?

18 A There was not a statement that I had stolen them
19 at that time. There was a statement that they were stolen.

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6 1 That they were not -- that they did not belong
2 to the Douglasses and the Dincalcis. This was one of the
3 reasons -- there was a couple of reasons put forward on why
4 they were not going to give them back.

5 One of them was because the organization people
6 that I was speaking to -- and the person who spoke the most
7 was Steve Marlowe. And his statement was that they are not
8 very favorable.

9 Q Now, who was Steve Marlowe?

10 A Steve Marlowe was a person who was in what is
11 called RTC. He is a CMO member and was part of RTC, Religious
12 Technology Center. It is virtually all the same thing, but
13 that is the designation inside at that time, RTC.

14 Q Now, what is the difference between the three
15 sets of photos, the photographs that you had relating to your
16 wedding, the photographs that came from the Dincalcis and
17 the Douglasses?

18 A Well, I guess there is a number of differences.
19 They are from different times and different places.

20 The reason, my photographs concern an event which
21 took place in 1974 on board the Apollo. And it is a known
22 event and of no particular legal significance.

23 The other ones appear -- and this is what later
24 appeared in my mind as the reason for them -- one of the
25 reasons, at least, for them being stolen, and that was that
26 they concerned periods of time; one of them, shots, taken
27 in Queens, New York in 1973 when Hubbard was hiding as a
28 result of his fear of being extradited in the French fraud

1 case. He felt that the French were going to show up at the
2 ship.

3 And the other one, perhaps even more important,
4 showed that in the beginning of 1980 Mr. Hubbard was very
5 much in touch with a great number of people in the
6 organization because the photos showed that there were about
7 10 or 12 other people identified as with Mr. Hubbard. And
8 this is right at the beginning of 1980, during a time when
9 there was a number of damage claims coming forward.

10 It showed that he was very much with Scientology,
11 something which could not be made public at that time. And
12 that is one of the differences.

13 Additionally, the -- the two sets of photos from
14 the Douglasses and Dincalcis probably have a great deal of
15 significance to Scientologists more than the shots that I
16 had.

17 And as far as keeping the troops in line, they
18 have a great deal more significance.

19 The Dincalcis -- Jim Dincalci's photos show
20 Mr. Hubbard with very long hair and looking quite wild in
21 places, you know, probably disheveled and so on.

22 The other photo in 1980, there was one,
23 Mr. Hubbard with a croupier's visor on. And he was standing
24 in front of a roulette wheel.

25 Within Scientology Mr. Hubbard has a policy
26 called "The Gambler." And people who gamble are
27 suppressives. And this would have had a devastating effect
28 within Scientology circles, to see the man in this state,

1 operating a roulette wheel.

2 So there are those kinds of differences, as I
3 see it, between the photos. And it is because of their --
4 possibly their PR impact or because they were legally
5 compromising, rather, you know, that touched this whole thing
6 off.

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1 It was a thing which I did not predict, their
2 degree of paranoia about the man.

3 Q The photo --

4 MR. LITT: I take it all of this is coming in for --
5 obviously none of these are facts.

6 THE COURT: Well, his observation of what is in the
7 photographs is a fact, his statement about what the tenets of
8 Scientology vis-a-vis gambling is a fact, his opinions on
9 how it might affect is strictly an opinion.

10 MR. LITT: The thing about why these documents were
11 taken --

12 THE COURT: Well that is his state of mind certainly.

13 MR. FLYNN: As I say, Your Honor, I think the photographs
14 should be produced so the court could see the difference
15 between the wedding album and these photographs that were
16 never returned to Mr. Armstrong.

17 THE COURT: Well I think I sort of suggested that they
18 ought to be produced. I could make an order. It seems to me
19 that is an item which can be subject to being noticed to
20 produce.

21 MR. HARRIS: Yes, Your Honor. I wanted to make very
22 sure.

23 We, that is the Church, does not have or can't
24 find at least the photographs by my information.

25 THE COURT: All right.

26 Q BY MR. FLYNN: Now, the wedding album was sent
27 to your parents; is that correct, Mr. Armstrong?

28 A Yes.

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1 Q And what type of policies existed with regard to
2 sending pictures of Mr. Hubbard outside the ship when he was
3 on the ship?

4 A Well I didn't know of any such policy. I
5 learned that there are within Scientology for publication
6 only 10 approved photographs of Mr. Hubbard. It may now be
7 11 or they have recently brought out another couple from
8 1978, so maybe it is 12.

9 But in any case for publication there are only
10 certain approved photographs.

11 Q Now, all the photographs that you had in your
12 set were from the wedding; is that correct?

13 A That is correct.

14 Q And they pictured Mr. Hubbard in the formal
15 setting of the wedding; is that correct?

16 A Yes.

17 Q And they were prepared by Mr. Hubbard's own
18 photographers?

19 A Well I am really not sure if they were or were
20 not. Some of the photos in there were prints of photos taken
21 by Mr. Hubbard, a couple at least. I don't recall right now
22 how many, but probably three or four.

23 Q Let me show you this photograph and ask you
24 where that photograph comes from?

25 A This is a photograph taken from the same roll of
26 film which Mr. Dincalci took during the time that he was
27 in Queens, New York. All of this is according to Mr. Dincalci.

28 MR. FLYNN: May this be marked as next in order?

1 THE COURT: Triple D, all right, DDD.

2 Q, BY MR. FLYNN: Now, was that the type of photograph
3 that was among the Dincalci and Douglas photographs?

4 A Well there was about two -- all of the photographs
5 were different. In the deal which I made with Virgil Wilhite,
6 he requested that they all be different, so I went --
7 Jim Dincalci had a great number of photographs, 15 of which he
8 was going to sell, so a number were taken, all of which were
9 different in many respects. All 15 concerned that period,
10 but they were not all in that same room or Mr. Hubbard in the
11 same pose or anything like that. A number of them were outside,
12 but they were all from the same period. They were all
13 black and white.

14 Q And the photograph that I have just shown you,
15 is that one of the photographs that Mr. Dincalci had
16 in addition to, I believe you said, 15 that he was trying
17 to sell?

18 A Yes.

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1 Q What was the agreement that you had made with
2 the Dincalcis and the Douglasses with regard to the sale of
3 the photographs and your responsibility to them?

4 A They were each to get \$2,000 for their respective
5 sets of 15 photographs. And I was not going to make anything
6 on the deal other than to have the vehicle to sell my own
7 photographs as part of this complete deal.

8 Virgil was to give me \$6,000; I was to give each
9 of those parties \$2,000 and Virgil was to make whatever over
10 the \$6,000 that he could. And that was the arrangement that
11 I had with the Douglasses and the Dincalcis.

12 At this point I owe them the \$2,000.

13 Q After they were stolen did you inform them that
14 you felt indebted to them each for the \$2,000?

15 A Yes.

16 Q And did you inform the people in this meeting
17 at the Scientology headquarters that took place where you
18 became very upset, that you were obligated to the Dincalcis
19 and the Douglasses?

20 A Yes.

21 THE COURT: Is there a claim in your cross-complaint
22 dealing with this subject?

23 THE WITNESS: It is included in there, Your Honor.
24 I'm sure it was written at the time.

25 Q BY MR. FLYNN: Was it your state of mind at the
26 time that you were indebted to each of them in the sum of
27 \$2,000?

28 A Yes.

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1 Q What is the similarity, if any, between the
2 photographs of the Dincalcis and the Douglasses that were not
3 returned to you and other photographs that are under seal
4 or in the archives in contrast to the photos in your wedding
5 album?

6 Do you understand my question?

7 A Well, let me see if I can -- there is a distinct
8 difference which I know of. And that is that these photos
9 are not the L. Ron Hubbard approved photos. These are not
10 photos approved by L. Ron Hubbard.

11 The only photos which the organization can use
12 are those which are approved by L. Ron Hubbard.

13 Q If one were to look at the two sets of photos
14 of the Dincalcis and the Douglasses and also the photos that
15 are generally among the archives, the candid types of
16 photographs, are there general similarities between those
17 types of photographs as candid photographs?

18 A Yes; even in the archives, there are very few
19 photos of Mr. Hubbard which are candid; candid photographs
20 of Mr. Hubbard are pretty rare.

21 Q And that was a distinct difference between the
22 photos in the wedding album and the photos of the Dincalcis
23 and the Douglasses; is that correct?

24 A Well, it is an aspect of it.

25 There is the setting for it; there is the fact
26 that the photos were taken during a time, a particular time,
27 of some significance, especially the photos taken at the
28 beginning of 1980.

1 Among the Douglasses' photos were some which
2 were taken at another wedding. And this is from 1974 as
3 well.

4 Q Did you believe when they told you -- when
5 Mr. Marlowe told you that the photos were stolen, was it
6 your state of mind at that time that they were accusing
7 you of stealing photos from the archives?

8 A Well, that was my immediate reaction thereafter.

9 But at first when I confronted them, they just
10 claimed that they were stolen; that they did not belong --
11 each one of them, I had a write-up that was done by the
12 respective people, Kima Douglas and Jim Dincalci which laid
13 out exactly what was contained in those photographs and where
14 they had come from and the fact that they were there -- that
15 they took them and that they were theirs.

16 It was obviously in my mind.

17 Marlowe claimed that they were stolen. It was
18 a subsequent statement made by many people within the
19 organization to me over the next two-plus years.

9

1 Q That they had been stolen.

2 Now, when Terri Gamboa said, "Get yourself
3 a lawyer" or "Go get a lawyer," in your mind, Mr. Armstrong,
4 what did that mean?

5 A Well I figured at that point that the organization
6 had proclaimed me an enemy. They were refusing to deal
7 rationally at that point. I was an enemy and I could
8 expect whatever they brought against me. It was simply
9 issued as a threat.

10 Q Now, thereafter you contacted my office;
11 is that correct?

12 A Within a couple of days.

13 Q Do you know whether 20-20 also attended
14 the Clearwater hearings?

15 A I don't know if they did or not.

16 Q Between the time you came to see me in
17 Clearwater and the time I saw you in California, did
18 we have conversations about the fact that 20-20 had become
19 involved in the investigation into Scientology?

20 A Yes.

21 Q Now I'd like to focus at the end of May.
22 Up until the time I came to California,
23 had you sent me any documents in the mail?

24 A Up until the end of May?

25 Q Correct.

26 Up until the time I came to California.

27 A No.

28 MR. HARRIS: Just so I understand, Your Honor, is it

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1 the claim that Mr. Flynn is making that he came to May at the
2 end of California? You could see how confused I am.

3 Came to California at the end of May?

4 MR. FLYNN: Whenever it was.

5 THE WITNESS: No. It was some time after that.

6 Q BY MR. FLYNN: Now, when I came out here, you
7 understood that a second Declare had been issued on you;
8 is that correct?

9 A Well I am pretty positive of talking to you
10 about it at that time, and that is my recollection. I know
11 that there is a discrepancy in the date and whether or not
12 one thing occurred a day or so ahead of the other thing, and
13 there is some doubt for that reason, but it has been my
14 recollection all along that I spoke to you at that time about
15 it. It was very significant in my mind.

16 Q Well, let's focus in on this. At that point in
17 time; namely, when I came to California, the end of May, early
18 June, how many documents had I seen that are presently under
19 seal?

20 A Up to the end of May or whenever that thing was?

21 Q Correct.

22 MR. LITT: Are we talking now about prior to this
23 meeting?

24 MR. FLYNN: Up to the meeting and then we are going to
25 get into the meeting, Mr. Litt.

26 THE WITNESS: I think you had seen the two that I have
27 mentioned. One was the letter and one was the Nibs document,
28 although I don't even recall -- see I took the document to

1 show to Nibs, and I don't know if you were there at the time
2 I showed it to him and ran down the list of names, and I very
3 possibly showed it to you, although I took it to show to him.

4 So in any case the most you could have seen up
5 to that point was two.

6 THE COURT: Just a second.

7 Have we identified in any way by number or
8 exhibit these two documents that you are referring to are
9 series of documents, this letter and this business about Nibs,
10 or is that part of this amorphous mass of sealed documents
11 somewhere?

12 THE WITNESS: One of them has not been introduced, and
13 that is the letter which is in an envelope still which I
14 attempted to get to Mary Sue Hubbard.

15 The other one is included and it is on our list
16 of the sealed documents.

17 MR. FLYNN: And I am going to get the exhibit number
18 for the Nibs time track, Your Honor.

19 THE COURT: All right.

20 Q BY MR. FLYNN: Now, the letter from Mary Sue Hubbard
21 is under seal and has not been identified as one of our
22 exhibits; is that correct, and that is the letter that you
23 returned to Mary Sue Hubbard prior to the restraining order
24 being issued; is that correct?

25 THE COURT: Well, he tried to return. I guess that
26 was his testimony.

27 Q BY MR. FLYNN: Tried to return; is that correct?

28 A Yes.

1 Q Now, the Nibs time track, as you called it,
2 which is exhibit 500 4Q --

3 A Let me correct you. You may have the wrong
4 document there if it is the Nibs time track.

5 I simply had a list -- it was a one-page document,
6 and I think attached to it was a letter which had been written
7 by Mary Sue which Nibs, L. Ron Hubbard, Jr., recognized as
8 being a letter which he received as if coming from his father.
9 That is a different exhibit.

10 Q Is that in, to your knowledge, exhibit 500 4R
11 on the letters to L. Ron Hubbard, Jr.?

12 A Yes, it probably is that.

0-1

1 Q And was it your understanding that that letter
2 had actually gone to L. Ron Hubbard, Jr.?

3 THE COURT: Let's just stop a moment.

4 I have now 500-4R. So we know specifically what
5 we're talking about, does that appear to be what you had
6 taken?

7 THE WITNESS: Not all of this, Your Honor. There was
8 this top one and there was -- there was this one.

9 THE COURT: What you took, let's sub-mark that as
10 A and B and whatnot, 500 -- not A and B -- 500-R1, 500-R2.

11 THE WITNESS: 500-4R, call it -2.

12 THE COURT: What is 500-4-2?

13 THE WITNESS: Call this -2 and then -1 is the first
14 one here.

15 Q BY MR. FLYNN: Now, those are the two letters
16 that you showed me, 500-4R-1 and 500-4R-2; is that correct?

17 A Yes. I'm pretty when I had them there they were
18 attached together.

19 Q Now, to your knowledge 500-4R-2 had already been
20 in the public domain insofar as it had gone to L. Ron Hubbard,
21 Jr.; is that correct?

22 A Yes.

23 Q And prior to my coming to California, are there
24 any other documents that I saw, Mr. Armstrong, that you
25 recall?

26 A No.

27 Q Now, when I came --

28 THE COURT: Pardon me again.

1 This letter that everybody has been talking
2 about, is there any evidentiary value to this letter, or
3 do you want me to make an order that it can be returned to
4 Mrs. Hubbard when she gets here?

5 MR. FLYNN: I was going to suggest that the Court read
6 it to see why Mr. Armstrong sent it to me if it becomes an
7 issue.

8 THE COURT: Does anybody have any objection to that?

9 MR. LITT: I think he has already stated it.

10 THE COURT: I don't think there was any discussion
11 about the contents of that letter. He said part of it was
12 private and part of it was personal. And part of it had
13 some bearing upon the motives for doing what he did.

14 MR. FLYNN: I tried to stay away from the contents.
15 I tried to mention the public relations aspect of the letter
16 which to Mr. Armstrong was extremely significant and to me
17 as a lawyer having to look through these documents, I would
18 say it's of extreme significance also; however, it strictly
19 relates to an event that occurred involving Mary Sue Hubbard
20 which is somewhat personal.

21 I think the Court should look at it to see why
22 in terms of Mr. Hubbard's public relations, his image --

23 THE COURT: We can order it up here then, I guess,
24 if we can identify it some fashion. At the recess I can
25 look at it, for whatever it is worth, I guess.

26 Do you want to enter a stipulation that it can
27 be returned forthwith to Mrs. Hubbard? We can do that when
28 she is here.

1 MR. FLYNN: Fine, Your Honor.

2 MR. LITT: Okay.

3 THE COURT: It is separate from everything else?

4 MR. FLYNN: It is, Your Honor. It is a letter of
5 Mary Sue Hubbard that is in a sealed envelope among the
6 documents under seal.

7 MR. LITT: I think it is --

8 THE COURT: Well, we'll go ahead for a few minutes
9 anyway and take a recess and see if we can figure it out.

10 Q BY MR. FLYNN: Mr. Armstrong, did you send me
11 that letter because of public relations aspects of the
12 letter with regard to Mr. Hubbard's public relations image?

13 A That was the real significance that the letter
14 had to me.

15 Q In placing his public relations image above
16 everything?

17 A Yes.

18 Q Now, we come up to my coming out to California.
19 The Douglasses and the Dincalcis attended several
20 meetings at the Hotel Benaventure; is that correct?

21 A I was there during one evening in which they were
22 there. I have heard from them that they were there the second
23 day during a time when I was not there.

24 Q And it was their photographs that had been taken;
25 is that correct?

26 A Yes.

27 Q Now, when Gordon Friedman from 20-20 attended
28 one part of one meeting were there ground rules laid down

1 with regard to what Gordon Friedman could see in connection
2 with any documents that you had at that time?

3 A Well, he was not to see any of the documents.
4 He did not see any of the documents while I was there. That
5 is all I can tell you at that time.

6 Q And do you recall any conversation about matters
7 relating to Mr. Hubbard's life that were already part of
8 the public record that you could verify as the archivist?

9 MR. HARRIS: Any conversation with Mr. Flynn, or --
10 there is no reference --

11 Q BY MR. FLYNN: During this meeting with
12 Mr. Friedman.

13 A Well, a lot of what I had to say concerned
14 Mr. Hubbard and matters that were of public record. That
15 was the thing which had altered my existence greatly from
16 a particular path.

17 It was what I had, first of all, been led to
18 believe.

19 And secondly, what I had come to find out about
20 the man. So there was a great deal of discussion from my
21 viewpoint when I related my story and when I related the
22 steps that I had gone through both mentally and physically
23 in getting out of the organization and getting free of the
24 man.

11-1

1 Q Now, let's assume that this May 31 notification
2 to you from Mr. Peterson is the first time you learned of the
3 Declare, just for purposes of this question. Assume that that
4 is the first time.

5 MR. HARRIS: Well, it is unfortunately -- it assumes
6 two facts not in evidence. The communication from Mr. Peterson
7 mentioned nothing about a Declare.

8 MR. FLYNN: I will withdraw it, Your Honor.

9 MR. HARRIS: And secondly, it was May 26 and May 27 as
10 the dates.

11 MR. FLYNN: I will withdraw it.

12 Q Let's assume that the communication from
13 Marilyn Brewer, I believe it was, May 31, with regard to the
14 Declare was the first time you learned of the second Declare.
15 Just assume that for purposes of this question.

16 Prior to that point in time, Mr. Armstrong,
17 at any meetings at the Bonaventure, assuming they came before
18 the communication with Miss Brewer, what documents had you
19 shown to me in the Bonaventure meeting?

20 A The documents that I recall that I showed to
21 you at the Bonaventure meeting were the set of documents -- I
22 called Estimate in which you are leading the list of enemies.

23 Q Let's stop right there and identify the exhibit
24 number of the estimate; exhibit 500 68.

25 Now are you generally familiar with that exhibit,
26 Mr. Armstrong?

27 A To some degree, yes.

28 Q Is there anything in that exhibit -- may I

11-2

1 have 500 6S -- while she is looking for that, Mr. Armstrong,
2 is there anything in that exhibit to your memory that relates
3 to Mary Sue Hubbard?

4 A Oh, boy. I suppose it all relates to Mary Sue
5 Hubbard, but I don't --

6 Q Well, does it relate in the general sense because
7 she was the head of the Guardian's office.

8 A Well, she had been, but that was prior to the
9 origination of this thing.

10 Q Now, is it fair to say that that document in
11 general relates to Michael Flynn, a medical doctor from
12 Harvard named John Clark, and various members of the Rockefeller
13 family?

14 A Yes, in addition to other people noted as
15 enemies, but those are principal characters.

16 Q Now, is there a suggestion or can an inference
17 be drawn, at least, from some of the material in exhibit 500 6S
18 that the Church of Scientology had tapped a certain telephone
19 in connection with information contained therein?

20 A There is a note of a conversation which could
21 lead one to that conclusion. I don't recall a specific
22 reference to a phone tap.

23 Q There is a reference to the contents of a phone
24 conversation, however?

25 A I recall something about that.

26 Q Now, to your knowledge is there anything in
27 exhibit 500 6S that contains anything of a personal nature
28 about Mary Sue Hubbard?

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A No.

Q Is there anything in 500 65 that contains information about L. Ron Hubbard?

A I don't recall specifically if there is or not. There may be in the second portion of the book, the Reader's Digest statements, but -- there may be something about Mr. Hubbard in there. I mean, the whole organization is his, so by that connection, but I don't know of a specific.

12f

2
1 Q You don't recall anything of a personal nature
2 about Mr. Hubbard; is that correct?

3 A I don't believe so.

4 Q Now, do you recall in the summer of 1981 whether
5 I received your permission to give that document to the
6 Federal Bureau of Investigation?

7 A Do you mean '82?

8 Q The summer of 1982, to give that document to the
9 Federal Bureau of Investigation?

10 A Well --

11 Q If you recall, Mr. Armstrong.

12 A Now, I recall something about your statement
13 about the FBI at that time. But I don't -- I would have.

14 Q And in your mind would that have been keeping
15 it in the legal arena?

16 A Yes.

17 Q Now, let me show you what bears at the top "CIC
18 X Mark Sheet."

19 May this be marked next in order, Your Honor?

20 THE COURT: All right. That will be triple E, like
21 in Libya.

22 Q BY MR. FLYNN: Have you seen documents similar
23 to exhibit triple E?

24 A Oh, yes.

25 Q Now, it starts at the top "CIC X Mark Sheet";
26 do you remember Mr. Harris asking you about the CIC?

27 MR. HARRIS: Aboard the ship?

28 MR. FLYNN: Aboard the ship.

1 THE WITNESS: Yes.

2 Q BY MR. FLYNN: What does CIC in Scientology
3 terminology stand for, Mr. Armstrong?

4 A Well, it means Combat Information Center.

5 Q What is a CIC cross-mark sheet of that type?

6 A This is a -- it shows cross-references into
7 various files. It shows your connections.

8 Q That is basically what could be termed an enemies
9 list?

10 MR. HARRIS: I object to that as calling for a
11 conclusion and leading.

12 THE WITNESS: well --

13 THE COURT: Overruled. He might have some ideas,
14 having been involved rather extensively.

15 THE WITNESS: It is definitely a list of enemies.

16 I see there is one person here in doubt. So that
17 person, the GO is undecided on at that point.

18 The rest of them are intelligence files on
19 particular individuals or legal department of the Attorney
20 General, Massachusetts; that is a department, but it is --
21 here it is listed as an enemy. It is an entity that the
22 organization is gathering intelligence information on. This
23 refers to files.

24 Q BY MR. FLYNN: Now, to your knowledge was Michael
25 Flynn -- strike that -- do you recall Mr. Harris asking you
26 a series of questions about the internal ethics policies of
27 the Church of Scientology regarding designating members as
28 enemies?

1 A Yes. Right.

2 Q And you testified there were policies for people
3 on the inside and policies for people on the outside; is that
4 correct?

5 A Yes.

6 Q And to your knowledge was Michael Flynn ever a
7 member of the Church of Scientology?

8 A Not to my knowledge.

9 Q Or the Department of the Attorney General of the
10 State of Massachusetts?

11 A No.

12 Q Now, this designation "Subject: Flynn, Michael J.,
13 attorney. EUS."

14 What does "EUS" stand for?

15 A East U.S.

16 Q Then there are categories with --

17 A Up there, it might be just "Enemy U.S." You are
18 not on here.

19 Q I am at the top; is that correct?

20 A Well, yes. These are files which cross-reference
21 with you. You would be another file here or a bunch of files
22 here.

23 The category E refers to is enemy.

24 T means traitor.

25 D means doubt.

26 Q Among the designations, T, that is what means
27 traitor?

28 A Right. In the Guardian's office there are only

1 three designations, E, T, and D. Anyone who is in the
2 organization is in doubt; in other words, they don't know
3 if he is going to become a traitor or whether or not he is
4 a plant or -- everyone is in doubt. It is -- that is the
5 way the Guardian's office and the intelligence arm of
6 Scientology perceives members.

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1 Q And what does T stand for?

2 A T would be a person who was a former staff member
3 or former Scientologist who has turned, become what they
4 call here a traitor.

5 Q And E stands for enemy?

6 A That is correct.

7 Q And in general, looking down the names, you
8 recognize some names of former Scientologists who were
9 designated T and some names of former Scientologists or non-
10 former Scientologists who are designated E?

11 A Yes.

12 Q And the next page is an excerption sheet. What
13 is an excerption sheet, Mr. Armstrong?

14 A An excerption sheet is a Guardian's office
15 method for summarizing information, either taken from a longer,
16 more detailed report or a series of reports, all of which
17 would be attached to the excerption sheet and the excerption
18 sheet would refer to page and paragraph number on a particular
19 page, so where here it says 1-1, that means page 1 paragraph 1.
20 Down here 4-3 is page 4 paragraph 3, and these are just small
21 notes excerpted from a longer report or reports.

22 Q And would that be excerpted from, for example,
23 the 30 linear feet of information about the subjects in 500 6S?

24 MR. HARRIS: Do you have a copy of that, Mr. Flynn?

25 MR. FLYNN: I don't.

26 THE WITNESS: These excerpts would be excerpted
27 from a longer report and the longer report was taken from the
28 30 linear feet.

13-2

1 THE COURT: What was Juggernaut?

2 THE WITNESS: Your Honor, Mr. Flynn could probably
3 explain Juggernaut much better than I can, but Juggernaut was
4 an operation against Michael Flynn.

5 THE COURT: I just notice here it says, "1, evaluate this
6 entire scene by Monday, October 12, 1981 with a complete
7 handling workout and alignment with Juggernaut." Blank and
8 then "T/CIC. Director of Information" apparently.

9 Is this something that you accumulated?

10 THE WITNESS: These materials?

11 THE COURT: Yes.

12 THE WITNESS: No, Your Honor. They were provided by
13 Vaughn Young to Omar Garrison.

14 THE COURT: All right.

15 Q BY MR. FLYNN: Now, that covers exhibit 500 6S,
16 Mr. Armstrong.

17 What other documents do you recall that are
18 presently under seal were at the Bonaventure meeting?

19 A The documents which we have called the Admissions.

20 Q All right. Now, the admissions are dated in
21 approximately 1946; is that correct?

22 A '46-'47.

23 Q And that was long before L. Ron Hubbard ever
24 met Mary Sue Hubbard; is that correct?

25 A Yes.

26 Q And that was before the Church of Scientology
27 was ever formed; is that correct?

28 A Yes.

13-3

1 Q Do any part of the documents in the admissions
2 involve personal matters of Mary Sue Hubbard or any matters
3 relating to the Church of Scientology?

4 A No.

5 Q They solely relate to L. Ron Hubbard; is that
6 correct?

7 A That is correct.

8 Q Now, and for the record, that is exhibit -- those
9 are exhibits 500 4D through 4G, I believe; is that correct,
10 Mr. Armstrong?

11 A I think through 4I.

12 Q And is it your testimony that none of those
13 materials relate to the Church of Scientology or Mary Sue
14 Hubbard?

15 A Yes.

16 Q What other materials -- incidentally, who in
17 the Bonaventure meeting to your knowledge saw the admissions?

18 A Well, you saw them and I believe Kima saw them.
19 Whether or not the other three people; Jim and Nancy and
20 Mike Douglas saw them, I can't be sure.

21 I recall them being in Kima's hands or at least
22 one of the binders in her hands.

23 Q Who is Kima Douglas?

24 A Kima Douglas is married to Mike Douglas. She
25 was a head of the household unit for Mr. Hubbard up until
26 the point she left in the beginning of 1980. She was with
27 him in Remet. She was with him in La Quinta. She was at ASTRA
28 in Culver City with him, in Washington, DC with him, in Dunedin

with him, and in Daytona Beach with him. She had been in
the organization for many years.

14f

4-1

1 Q Was she one of the closest people to L. Ron
2 Hubbard in the organization?

3 A Yes.

4 Q Was she a director of the Religious Research
5 Foundation, if you know?

6 A I had heard it. And perhaps she even told me
7 back in '73. But I don't know for sure.

8 Q And had she couriered millions of dollars for
9 L. Ron Hubbard during her years in the organization, if you
10 know?

11 MR. HARRIS: If this is his state of mind, Your Honor.

12 THE COURT: I suppose it would be hearsay.

13 She can testify to that. I'll sustain the
14 objection.

15 Q BY MR. FLYNN: In any event, she was very close
16 to L. Ron Hubbard?

17 A Yes.

18 Q And it was her photographs that were at issue
19 that you have previously testified about?

20 A Yes.

21 Q Now, did any other people see exhibit 4D through
22 4G or 4I in the Bonaventure meeting?

23 A I don't believe so.

24 Q Were there any other exhibits or documents that
25 are under seal, Mr. Armstrong, that were present at any part
26 of any Bonaventure meeting?

27 A I believe that -- I think the Parsons' materials
28 were there and there could have been actually two binders,

1 only one of which is under seal. And on -- but I am prett
2 sure that Parsons' Black Magic binder was included.

3 Q Did that binder predate the Church of Scientology
4 and L. Ron Hubbard's relationship to Mary Sue Hubbard?

5 A Well, there is a note in there from Mr. Hubbard
6 and a press article which do not predate that, but the bulk
7 of it predates such involvement.

8 Q Now, do you know who, if anyone, saw those
9 materials other than you and I?

10 A I don't know.

11 Q Any other materials, Mr. Armstrong?

12 A Those are the only ones that I can say with
13 relative certainty were at that meeting. There may have been
14 more, but if there were, they don't stick out.

15 I recall that there was -- I don't know, about
16 maybe yea much material. So there would have been about
17 five or six of my binders, five of --

18 MR. HARRIS: "Yea much," Your Honor, the witness
19 perhaps could give us in inches about what that is.

20 THE WITNESS: About four and a half to five.

21 There may have been another binder or two, but
22 in any case, I don't recall what they were.

23 Q BY MR. FLYNN: Do you remember whether there were
24 any Naval records that were there?

25 A There may have been. Again, my recollection is
26 that everything that I had at that time was a binder.

27 Q In any event, the Naval record predated the
28 Church of Scientology and Mary Sue Hubbard; is that correct?

1 A Yes.

2 Q And do you know whether most of the information
3 or the great bulk of the information in the Naval records
4 had been set forth in the Clearwater report in September,
5 1980, months before our meeting in the Bonaventure?

6 MR. LITT: Objection. That calls for a conclusion and
7 lack of foundation.

8 THE COURT: If he knows he can answer. If he doesn't
9 know --

10 MR. LITT: It also is vague.

11 What is "most of"?

12 Q BY MR. FLYNN: Was most of the information in
13 the Naval records already part of the public records, to your
14 knowledge, Mr. Armstrong?

15 MR. LITT: The same objection; the words "most of,"
16 it is not --

17 THE COURT: I suppose there is an element of ambiguity.
18 "Most" I suppose is more than 50 percent.

19 Q BY MR. FLYNN: Mr. Armstrong, was there anything
20 in the Naval records that you knew about that you felt was
21 not in the public record in late May, early June, 1981 at
22 our meeting in the Bonaventure?

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1 MR. HARRIS: Well, "In the public record" is ambiguous,
2 too.

3 THE COURT: I suppose so.

4 MR. HARRIS: In some sense.

5 MR. FLYNN: I will withdraw it, Your Honor.

6 THE COURT: Let's take a 15 minute recess.

7 (Recess.)

8 (In camera proceedings held in chambers,
9 reported but not transcribed herein.)
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(The following proceedings were held
in open court;)

Q All right, we are back in session. The witness
has retaken the stand. Just state your name again for the
record, sir. You are still under oath.

THE WITNESS: Gerald Armstrong.

THE COURT: You may proceed.

MR. FLYNN: Your Honor, may this document which has
been identified in the record as the envelope which bears a
postal date stamp on it of August 16, '82 stapled to a letter
that starts off "Dear Mary Sue" dated August 14, 1982 be
marked as next in order.

THE COURT: All right, we are up to triple F.

MR. FLYNN: And I can mark on this original?

THE COURT: Yes.

Q BY MR. FLYNN: Mr. Armstrong, exhibit triple F,
was that the letter in the envelope that you sent to Mary Sue
Hubbard containing the letter in the early '50's that you have
testified about?

A Yes.

Q And you indicated that the handwriting on the
envelope you thought was David Miscavige's; is that correct?

A Yes.

Q And again who is David Miscavige?

A David Miscavige is the -- under Mr. Hubbard within
Scientology is the person who controls all Scientology
organizations.

17-2

1 MR. FLYNN: Do you want me to give this to the clerk?

2 THE COURT: Yes, certainly.

3 MR. LITT: May I take a look at it?

4 Q BY MR. FLYNN: Now, Mr. Litt questioned you about
5 several incidents involving the private investigators and
6 he led you through reading a portion of some of your notes
7 regarding the incident where you were struck on the elbow; do
8 you recall that?

9 A Yes.

10 Q And he read line by line through the notes,
11 but there was one line just prior to your being struck on the
12 elbow that he omitted, Mr. Armstrong; is that correct?

13 MR. LITT: Objection. That misstates what happened. I
14 didn't read through anything line by line. I asked
15 Mr. Armstrong a series of questions and he answered them.

16 THE COURT: I suppose maybe you paraphrased. I don't
17 know. I don't have the exhibit.

18 Q BY MR. FLYNN: Do you recall Mr. Litt asking
19 you a series of questions about the incident, Mr. Armstrong?

20 A Yes.

21 Q Now with regard to the car striking your elbow,
22 do you recall Mr. Litt asking you a question relating to
23 the fact that you were moving toward the car; do you recall
24 that, questioning you about you moving toward the car?

25 A Well, I don't recall in detail what he --
26 exactly how he asked it. I think I was following along here
27 and I mean I moved toward the car for some time until I got
28 up to it.

18f

18-1

1 Q And then what happened?

2 A Well, the car was going around a corner, turning
3 a corner right.

4 So I approached to see -- as it was going around,
5 the guy was watching me. And I approached toward it,
6 thinking that seeing me there he would stop. I was signaling;
7 I wanted to talk to him. And it was while I was going this
8 way and he was coming this way around the corner and then
9 he swung toward me like that, clipping my elbow.

10 Q So he turned the car toward you?

11 A He swerved toward me.

12 Q And you noted that in your notes of August 31,
13 1982; is that correct?

14 A Yes.

15 MR. FLYNN: May that be marked as next in order, Your
16 Honor, that series of notes?

17 MR. LITT: I think it is being used to refresh his
18 recollection. It is not evidence.

19 THE COURT: We can mark it for identification. It
20 doesn't mean that it is coming into evidence.

21 We are up to triple G.

22 Q BY MR. FLYNN: You were asked a series of
23 questions by Mr. Litt relative to whether you believed what
24 you told your parents about the book "Scientology A World
25 Religion Emerges in the Space Age." Do you recall that
26 series of questions?

27 A Not in detail, but I recall that there was a
28 series, yes.

1 Q And he asked you at the time you gave this book
2 to your parents whether you believed that it constituted
3 an introduction to the Church of Scientology; do you recall
4 that?

5 A Yes.

6 Q And when you gave that book to your parents and
7 also to the government officials that you did, did you
8 believe at the time, Mr. Armstrong, that it was an
9 introduction to Scientology?

10 A Well, it was a standard Guardian's office
11 document which was given to people viewed as enemies or to
12 handle the dead agenting of people who were creating
13 problems.

14 It was not what I would consider an introduction
15 to Scientology. That is for -- it does not approximate the
16 introductory books which I read regarding Scientology.

17 In retrospect, there are many aspects to this
18 thing. I wish it had been available when I had gotten into
19 Scientology because seeing this, I would not have gotten in.

20 Q Let me ask you this: in approximately when did
21 you give that book to your parents or to the government
22 officials about which you testified?

23 A About October, 1975.

24 Q And was it your understanding at the time that
25 it was prepared by the Guardian's office?

26 A Yes.

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1 Q What if any understanding did you have with
2 regard to whether or not Scientology and Mr. Hubbard were
3 using religion as a cover for what they were doing?

4 MR. HARRIS: This is his state of mind, I take it
5 you mean for understanding?

6 THE COURT: Yes.

7 Q BY MR. FLYNN: State of mind, Mr. Armstrong.

8 A I knew that it was used as a cover.

9 Q When you joined the Church of Scientology, did
10 anyone associated with the organization represent to you that
11 it was a religion in any form?

12 A No. In fact, what I joined -- if I joined, it
13 was not called the Church of Scientology. It was called
14 Scientology Mission or Scientology Little Mountain. It was
15 called a franchise.

16 I was involved in Scientology, but there was
17 never a mention throughout that period of the Church of
18 Scientology.

19 Q If you had understood it was a religion you
20 were joining, would you have joined?

21 A No.

22 Q Was it represented to you as a science?

23 A Yes.

24 Q And was this the basis on which you joined?

25 A Yes.

26 Q Have you ever heard of a policy called the
27 "Minister's Mockup"?

28 A Yes.

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1 Q What is the Minister's Mockup?

2 A A mockup is -- means a couple of things in
3 Scientology, but to do with a minister. It refers to having
4 a minister appear to be a minister. That is having the --
5 wearing a dog collar, dressing a particular way, wearing a
6 cross, and that's it.

7 There was a religious mockup which was given to
8 organizations. There was a checklist which was done which
9 showed that there was a chapel set aside, that there was a
10 cross somewhere, and these were things which was the responsi-
11 bility of the Guardian's office to make sure happened.

12 Q So when you answered -- when you tried to
13 answer to Mr. Litt's question where you said in part it was an
14 introduction to Scientology, did you mean that it was an
15 introduction in the sense that religion was used as a cover
16 for what was being done?

17 MR. LITT: Objection; leading.

18 THE COURT: Sustained.

19 Q BY MR. FLYNN: What was your understanding,
20 Mr. Armstrong, with regard to whether this book was part of
21 using religion as a cover for what was being done in the
22 organization that you were involved in?

23 A Well, I was briefed prior to my going to see
24 my parents by the Controller Assistant, Jimmy Mulligan, who was
25 then, under Mary Sue, the head of the intelligence network
26 internationally.

27 I knew that this book was a dead agent tool, and
28 that was what I was to use it for. I also knew by virtue of

1 the fact of being on the ship in which there was virtually no
2 religious activity of any kind that it was a cover. Never
3 at any time, in fact it was specifically stated that faith
4 and beliefs have no part in Scientology. Scientology does not
5 operate on faith. It is scientifically demonstrable. The
6 results are exact. It is the science of sciences. It is the
7 science of knowing how to know and the science of sciences,
8 and that is how I came in. I knew the rest to be a cover.

9 Q There is a portion of this book that deals with
10 what is called in the book "The Scientology Confessional";
11 is that correct?

12 A Yes.

13 Q And with regard to the confidentiality of
14 disclosures in the confessional; is that correct?

15 A Yes.

16 Q And directing your attention to page 82 of the
17 book under the confessional it states therein:

18 "The Scientology confessional enables
19 the individual to confess to overts without duress.
20 Is bound by the Auditor's Code which stresses the
21 confidentiality of any utterances in auditing."

22 Do you see that?

23 A Yes.

24 Q Now, was it your understanding when you first
25 became involved in the auditing process that everything you
26 told your auditor was confidential?

27 A Yes.

28 Q And those representations were made to you?

1 A Yes.

2 Q At that time did you know about Guardian Program
3 Order 121669?

4 A No.

5 Q Which I believe has been marked as defendant's
6 exhibit triple A.

7 THE COURT: 500 triple A?

8 MR. FLYNN: No, this is not one under seal, Your Honor.

9 Q Now, when you were in the intelligence bureau,
10 Mr. Armstrong, did you learn that the Guardian's office culled
11 auditing files?

12 A Yes.

13 Q And when you were in the RPF, you were aware
14 that auditing files were being culled; is that correct?

15 A Yes.

16 Q Incidentally, when you were in the RPF,
17 Mr. Hubbard showed you -- Mr. Harris showed you a number of
18 exhibits relating to the RPF in contrast to the collection of
19 exhibits which were introduced. First the collection of
20 exhibits which the defense introduced, where did they come
21 from on the security checking process?

22 A I believe for the most part they are copies of
23 policies taken from the organization executive course, the
24 Green volumes.

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1 Q How many volumes are there in that course?

2 A There are volume zero through seven. And there's
3 an index to it which is a separate volume. And there may
4 be other volumes which are included as green volumes, a
5 management series. And there may be more. And I don't know
6 if that is considered part of that set of volumes called the
7 OEC course.

8 Q In any event, they are published in a set of
9 volumes published by the organization; is that correct?

10 A Yes.

11 Q And we simply collected the ones regarding the
12 security checking and Xeroxed them from those volumes; is
13 that correct?

14 A Yes.

15 MR. HARRIS: "We" did that, Your Honor, Mr. Flynn and
16 Mr. Armstrong collectively did that?

17 THE COURT: I suppose you have a right to cross-examine
18 on it, counsel, in due course.

19 Q BY MR. FLYNN: When you gave this book to your
20 parents --

21 Incidentally, what is the core practice of
22 Scientology, Mr. Armstrong, in terms of the scientific
23 validation of improving one's ability in life? What is the
24 core practice?

25 A I am not sure what you mean by "core."

26 Q Is auditing one of the most essential fundamentals
27 of the organization?

28 A Yes.

20 ? 1 Q And the representations regarding the
2 confidentiality of auditing, is that one of the most essential
3 representations that are made to people?

4 A I think it is the most representation made in
5 Scientology by Mr. Hubbard.

6 Q For example, your auditing files, can you give
7 the Court an idea how extensive they would be?

8 A Put together, they form a stack approximately
9 three and a half to four feet high.

10 Q And do they contain virtually every idea or
11 thought that you had prior to the auditing session in your
12 prior life?

13 A They would -- I had a lot of thoughts. So it
14 is hard to say that they are all there. But most of --

15 Q Significant.

16 A Those of significance, actions of significance
17 from everything from my earliest recollection in childhood
18 through the time I left the organization.

19 Q And everything virtually that you knew about your
20 parents, your brothers, your sisters, your aunts, your uncles;
21 is that correct?

22 A If it was significant, it was in there.

23 Q Now, some materials have been introduced,
24 success stories; what are success stories?

25 A After anyone takes a -- a step in Scientology,
26 is audited, is Sec Checked, does a course, one has to, as
27 part of the process in doing that, write a success story.

28 Q Is that a requirement?

1 A Yes. And be checked on the meter after writing
2 the success story. And it is an essential step.

3 Q And what happens if you don't write the success
4 story?

5 A Well, take the RPF success story that Mr. Harris
6 read from yesterday, if I had not written such a success
7 story, I would still be in the RPF.

8 Q Now, where did that success story come from in
9 terms of what file it came out of?

10 A My belief is that that success story came from
11 my PC folders.

12 Q Have you requested all of your PC folders back
13 in this case?

14 A Yes.

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1 Q Have you received them?

2 A No.

3 Q And these PF folders contain all the information
4 that you collected about your life on the promise that it was
5 all confidential; is that correct?

6 A That is correct.

7 Q Now, Guardian Program Order 121669 involves the
8 culling of PC files; is that correct?

9 A That is part of it, yes.

10 Q What is a "hat" in Scientology?

11 A A hat is the post which one does, the description
12 of the post, and it is a compilation of policies and materials
13 relating to that post, the duties, the responsibilities.

14 Q Now, the Guardian's office is an intelligence
15 or information bureau; is that correct?

16 A Yes.

17 Q And at some point in time the name changed
18 from intelligence to information; are you aware of that fact?

19 A Yes.

20 Q And are you aware of approximately when that
21 was?

22 A It would have been in the early '70's.

23 Q Now the information bureau of the Guardian's
24 office had a hat pack for the duties and responsibilities of
25 members of that bureau; is that correct?

26 A Yes.

27 Q And basically a hat pack is a training manual?

28 A Well it could be called that. Within the hat

1 pack may be training manuals.

2 The hat pack consists of a checksheet which
3 lists out all the materials in the hat, the hat being the
4 compilation of materials which may contain manuals. The
5 thing itself could be called a manual for a particular post,
6 yes.

7 Q Now, this hat pack called "information full hat
8 pack United States Guardian's Office confidential pack, 1 of 3",
9 may that be marked as next in order?

10 THE COURT: All right, triple G. H, I am sorry,
11 triple H.

12 Q BY MR. FLYNN: Contains checksheets for policies
13 and practices for Guardian office agents be drilled on; is
14 that correct?

15 A Yes.

16 MR. LITT: Objection. Can we see whether this witness
17 had familiarity with this while he was in the Church of
18 Scientology and can authenticate it?

19 THE COURT: Do you recognize the document, sir, and its
20 contents?

21 THE WITNESS: I have seen this or very similar, I
22 believe it is this one, while in the intelligence bureau on
23 board the ship.

24 Q BY MR. FLYNN: Now, there are numerous checksheets
25 in here that have to do with, among other things, TR-L, black
26 propaganda, dead agenting, burglarizing, and items of that
27 nature, Mr. Armstrong. But turning to the last page and item
28 No. 38 of page 20, there is a notation, "Guardian order 121669,

1 MSH, 16 December, '69, program Intel Internal Security."

2 Is that exhibit what has been marked exhibit
3 triple A in this case?

4 THE COURT: Here it is.

5 THE WITNESS: Yes.

6 Q BY MR. FLYNN: And it says, "Clay demo 9
7 operating targets of above program."

8 How many operating targets are there on exhibit
9 triple A, Mr. Armstrong?

10 A Nine.

11 Q And again what does Clay demo mean?

12 A A Clay demo is a learning process in which one
13 takes a bunch of modeling clay, plasticine, and forms it into
14 figures or solid objects or in some way demonstrates concepts
15 in clay so that it is completely understood what the significance
16 and what the meaning of a particular program target or concept
17 is.

18 Q So that it is fully understood?

19 A Yes.

20 Q Now, the initials "MSH" on page 20 number 38 of
21 exhibit triple H, to your knowledge what do those initials
22 stand for?

23 A Mary Sue Hubbard.

24 Q Now that document dated December 16, 1969;
25 namely, the Guardian program order is dated prior to the copy-
26 right on this book which you used as a dead agent pack; is
27 that correct?

28 A Yes.

1 Q And at the time that this book was being given
2 to your parents and government officials, the process of culling
3 auditing files was going on; is that correct?

4 A That is correct.

5 Q Do you know what a button survey is, Mr. Armstrong?

6 A I know broadly what a button survey is. There
7 are two forms of button surveys. One is a broad public survey
8 in which particular buttons are located. For example, the
9 PR survey which you saw earlier to do with the biography
10 in which honesty was 66 percent. Well, honesty is a button.
11 It is something which you weave into the PR story. It is
12 something that you -- that in order to excite interest,
13 because that is what people are interested in, you promote,
14 you promote that about L. Ron Hubbard in this case.

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22 1 Additionally, there is a Guardian's office concept
2 having to do with the locating of buttons on people. And
3 buttons are things which can be pushed which will give a
4 particular response. And they have to do with what is
5 important to a person, what has particular significance to
6 him or her.

7 One person may have -- attach a lot of
8 significance to their parents, in which case a tie with the
9 parents is something that can be manipulated or used as a
10 button.

11 Someone may have a button on the subject of
12 money, in which case they can be attached along money lines
13 or using money concepts.

14 Q Now, when PC files are culled, to your knowledge,
15 when you are culling the PC file of someone that you're
16 going to use the file against, do you look for buttons?

17 A What do you mean by "file against"?

18 Q When you are culling files --

19 A Oh, okay.

20 Q -- do you look for buttons about the person?

21 A I don't recall specifically looking for buttons.
22 I looked for crimes and connections, but I don't
23 ever recall specifically looking for that sort of thing.

24 I understood the concept.

25 Q Was that at a higher level of operations within
26 the organization, taking the crimes and then finding the
27 appropriate buttons, to your knowledge?

28 MR. HARRIS: Higher level with the organization, or

1 within the RPF where he originally did this?

2 THE COURT: I'll sustain the objection.

3 Q BY MR. FLYNN: At another level inside the
4 Guardian's office, Mr. Armstrong, if you know.

5 A Yes. I was during a majority of the culling that
6 I did in the RPF being instructed by the Guardian's office
7 in the culling at that time.

8 Q Incidentally, let's focus in a little bit on the
9 types of Sec Checking that went on in 1976 and 1977.

10 In the Clearwater RPF did you remember a project
11 called the "List 1 Rock Slam Project"?

12 A Yes.

13 Q What was the "List 1 Rock Slam Project"?

14 A List 1 is a list of Scientology-Dianetics
15 concepts, terms, and people and posts.

16 My recollection is the only two people named by
17 name were L. Ron Hubbard and Mary Sue Hubbard.

18 There are additional posts or activities; for
19 instance, auditor or case supervisor. In any case, this is
20 called a "List 1."

21 A "Rock Slam" is a particular needle phenomenon
22 on the E-meter. It is a wild slashing motion back and
23 forth.

24 At the end of 1976, the beginning of 1977,
25 Mr. Hubbard issued a number of orders regarding locating
26 people who had this particular needle phenomenon. And those
27 people were immediately assigned to the RPF without recourse,
28 without any way out except through the RPF.

1 I was at that time in charge of the RPF inside
2 the RPF and had to have each one of the people within the
3 RPF Sec Checked regarding List-1. And a number of Sec Check
4 questions were originated on each one of the List-1 subjects,
5 that is, auditing, Mary Sue Hubbard, L. Ron Hubbard, E-meter,
6 courses.

7 Q And in connection to the FBI, for example?

8 A I don't believe --

9 MR. HARRIS: Objection. Leading.

10 THE COURT: He was about to show that it wasn't leading.
11 He said, "I don't believe."

12 Let's go forward.

13 THE WITNESS: No. Although something like that could
14 possibly come up in the context of the Sec Checking.

15 But the purpose at that point was to find anyone
16 who under Sec Checking manifested that particular needle
17 reaction. If they did, if the needle made a particular
18 reaction, it meant that they were a suppressive person and
19 therefore they were locked up. It meant that they had a
20 RS. And all the policies on Rock Slams or RS's indicated
21 that the person was insane on that subject, was
22 suppressive.

23 At that time within the RPF when someone showed
24 up with this needle phenomenon or was assigned for that
25 needle phenomenon, they were segregated from the rest of
26 the group.

27 List-1 RS personnel could only audit other
28 List-1 RS personnel. And the reasoning behind that, as

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1 stated by Mr. Hubbard, was so that these List-1 suppressives
2 would not interrelate with the rest of the more or less normal
3 group of RPF inmates.

4 Q Did you know at that time that Mr. and
5 Mrs. Hubbard were under investigation in 1976 and 1977 by
6 the Department of Justice?

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1 THE COURT: Well, did he know or did he believe?

2 Q BY MR. FLYNN: Did you know that at the time?

3 A No. I learned in 1977 of the raid, but 1976, in
4 mid-'76 I had left Mr. and Mrs. Hubbard in Culver City. This
5 would have been some time in, I guess, in June '76, and I knew
6 that Mr. Hubbard was at that point hiding out and I knew
7 that there was a great deal of concern about his being
8 served, and that that was the cause of the flight from Clearwater,
9 Florida, but I did not hear, I believe in that time, anything
10 about the Justice Department.

11 Q Let me show you this document, Mr. Armstrong--

12 MR. LITT: What document?

13 MR. FLYNN: It starts off, "Operations, definitions,
14 button survey."

15 MR. LITT: Could we have a copy?

16 MR. HARRIS: Could we have a copy of the last exhibit
17 as well?

18 MR. LITT: After the fuss that has been made about
19 providing Mr. Flynn exhibits, we don't even have access to the
20 last several exhibits that have been received.

21 THE COURT: Have you shown him what you are going to
22 be using, Counsel?

23 MR. FLYNN: Your Honor, I didn't --

24 THE COURT: Discovery is a two-way street. I assume
25 what is sauce for the goose is sauce for the gander.

26 MR. FLYNN: Your Honor is quite correct and these
27 documents are in the possession of Mr. Litt and Mr. Harris
28 and have been for years, and I did not expect that Mr. Harris

1 would terminate his examination as quickly as he did. That
2 is why copies of these documents have not yet been made.

3 Mr. Litt and Mr. Harris are intimately familiar
4 with these documents.

5 MR. HARRIS: Your Honor, he is crazy.

6 MR. LITT: I have never seen these documents before.

7 MR. HARRIS: This man is crazy. This is totally absurd.

8 MR. FLYNN: Mr. Harris, you were the attorney in the
9 IRS claim.

10 MR. HARRIS: Yes, I was, Mr. Flynn. What of it?

11 MR. FLYNN: That happens to be an exhibit.

12 MR. HARRIS: In the IRS case?

13 MR. FLYNN: In the IRS case.

14 MR. HARRIS: Where is it in the IRS --

15 THE COURT: Gentlemen, knock it off.

16 You look at that exhibit and we will proceed.
17 I don't want any of this back fighting back and forth. No
18 more comments like that, gentlemen, or you may be subject to
19 other problems.

20 MR. HARRIS: I apologize to the court.

21 MR. FLYNN: I do, also.

22 THE COURT: All right. The record will reflect that
23 Mr. Harris has returned the exhibit to Mr. Flynn.

24 MR. FLYNN: Your Honor, may this be marked as next in
25 order?

26 THE COURT: All right, triple I.

27 Q BY MR. FLYNN: Now, Mr. Armstrong, are you
28 familiar with the procedures in triple I with regard to

1 drilling on operations against enemies with button surveys?

2 MR. LITT: Your Honor, again I would ask that we first
3 see whether this witness can authenticate or identify this
4 exhibit before he be asked questions about its contents.

5 THE COURT: You want to ask him a question on voir dire,
6 you may ask him. As far as I know, he is looking at an exhibit
7 that presumably has some relevance. If you want to ask a
8 question on voir dire, ask permission to inquire on voir dire.

9 MR. LITT: May I inquire?

10 THE COURT: Yes, you may.

11
12 VOIR DIRE EXAMINATION

13 BY MR. LITT:

14 Q Mr. Armstrong, the document that is before you
15 which is exhibit triple I, prior to December 1981 had you
16 ever seen that document?

17 A No.

18 MR. LITT: Your Honor, I don't believe under the
19 circumstances it is appropriate for him to be asked questions
20 concerning that while he had no familiarity while he was in
21 the church.

22 MR. FLYNN: Your Honor, the question was whether he is
23 familiar with the procedures that are outlined in there as
24 being consistent with what he understood were the drills that
25 were used against enemies.

26 THE COURT: Well it is irrelevant. If he has personal
27 knowledge of certain drills, he can testify to that.

28 Whether it is consistent with that is really

1 kind of irrelevant.

2 MR. FLYNN: Well, this is part of the full hat, Your
3 Honor.

4 THE COURT: I don't know whose full hat we are talking
5 about.

6 MR. FLYNN: The last exhibit with regard to procedures
7 for finding a person's button from auditing files.

8 THE COURT: Well, this witness apparently can't make
9 that identification. Maybe somebody else can if it is relevant.
10

11 REDIRECT EXAMINATION (Resumed)

12 BY MR. FLYNN:

13 Q Are you familiar, in general, with those types
14 of procedures, Mr. Armstrong?

15 A Yes.

16 MR. LITT: Your Honor, same objection.

17 MR. FLYNN: I will have it marked for identification,
18 Your Honor, at this time.

19 THE COURT: Yes, it is already marked triple I.

20 Q BY MR. FLYNN: Now, Mr. Armstrong, since leaving
21 the Church of Scientology, have you generally had access or
22 seen thousands of documents that were seized by the Federal
23 Bureau of Investigation about Guardian's office operations;
24 just yes or no?

25 A I have seen a great number. I have not seen
26 thousands.

27 Q And leaving that question aside for the moment,
28 are you familiar with the policy of the Church of Scientology

2730
1 called "Governing Policy"?

2 MR. LITT: May we have the document, please?

3 THE COURT: Before you get into that, we have had a
4 lot of testimony about the Guardian. What is your understanding
5 of the role of the Guardian's office in Scientology? Has it
6 changed? Did it change over the years? Was it always the
7 same or what?

8 THE WITNESS: Your Honor, on board the ship originally
9 we did not have a Guardian's office, so from 1971 through 1975,
10 other than Mary Sue Hubbard's existence on board as Controller,
11 and she played very little part in the day-to-day management
12 on board. I knew of the existence of the Guardian's office
13 through her. Up in Canada there was no Guardian's office at
14 that time.

15 In 1974 there were some Guardian's office
16 personnel who came on board. 1975 or late '74 or early '75
17 there was a man by the name of Brian Rubinek who was the
18 Assistant Guardian for intelligence on board ship, and I became
19 quite familiar with Guardian's operations through him.

20 The Guardian's office contained within it one
21 bureau which was intelligence, one bureau which was public
22 relations, one bureau which was finance, another bureau which
23 was a services bureau which serviced the other operation bureaus,
24 and they developed at least another one later called social
25 coordination.
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1 I became familiar with the fact that in outer
2 organizations, at least, not on board because we had on board
3 Mr. Hubbard, but in outer organizations, they virtually
4 controlled Scientology in that they controlled finance and
5 had the intelligence bureau which was a -- it was like an
6 enforcement arm or -- a military arm of Scientology.

7 And I became quite familiar with Guardian's office
8 personnel and operations up until the point I left the
9 organization.

10 My understanding is that they are no longer a
11 Guardian's office and that they have renamed the people who
12 do the same function and now call them by another name,
13 something like Special Activities Bureau. But the function
14 remains the same.

15 I have another understanding that because of the
16 problems that were run into with internal intelligence
17 functions, specifically Michael Meiser, who was an
18 intelligence operative who led, through his defection, to
19 the FBI raid.

20 The organization has subsequently turned over
21 most of those functions to outside private investigators.

22 So the people that I encountered physically were
23 private investigators; whereas, years ago they would have
24 been GO operatives. To what degree they are still operating
25 an intelligence format, I don't know.

26 Q BY MR. FLYNN: Mr. Armstrong, when did Hubbard
27 resign, supposedly, from the organization?

28 A 1966.

4-
1 Q When did the Guardian's office begin?

2 A Around 1966.

3 Q And Mary Sue Hubbard as Controller of the
4 Guardian's office had total authority over it; is that
5 correct?

6 A Yes.

7 Q And in your understanding throughout the years
8 you were involved in the organization the Guardian's office
9 had control of all of Scientology finances throughout the
10 world?

11 A Under Mr. Hubbard, yes.

12 Q Now, this policy, governing policy --

13 MR. HARRIS: I happen to be familiar with that, Your
14 Honor. And that is part of a HCO PL which is misleading.
15 That one, I am familiar with. That did come up.

16 THE COURT: The exhibit the witness has now?

17 MR. HARRIS: That is right.

18 THE COURT: That can be developed, I suppose.

19 Q BY MR. FLYNN: Are you familiar with that policy,
20 Mr. Armstrong?

21 A I have seen it, yes.

22 Q What is it?

23 A This is the governing policy regarding finance
24 written by Mr. Hubbard.

25 I don't recall what the rest of the policy --
26 what the title is, but I think it could easily be located
27 in the -- among Scientology policies. I have seen it
28 before.

1 Q Now, it says "Governing policy of finances.

2 "A. Make money."

3 And then it has other items in it, "J. Make
4 money."

5 And then "K. Make money."

6 L is "Make other people produce so as to make
7 money."

8 Now, when you were in the Church of Scientology,
9 what, in your understanding, was the most fundamental goal
10 of the organization?

11 A I guess what held most of us together was a
12 concept of a cleared planet.

13 There were the major steps on getting there and
14 a major one, definitely, in which I was involved was the --
15 to obtain control, control of locations in which we were
16 or to gain -- for example, in Clearwater, the obtaining of
17 control so as to be in a position of control in the Clearwater
18 area.

19 Q Was there a general cliché used for Scientologists
20 controls?

21 A Yes.

22 Q and in your experience was one of the most basic
23 policies of the church to get money?

24 A Well, money was something which occupied our
25 attention a great deal, making money, almost on a daily
26 basis. There was something in the orders of the day from
27 Mr. Hubbard regarding money, money that organizations were
28 making, flag income. And thereafter, it was continually

1 the thing. It was a continual -- the briefings concerned
2 with money. GI, gross income.

3 Q Now, you were basically on a level that was
4 fairly close to Mr. Hubbard and you were not operating out
5 in the field, so to speak, in the organization and in
6 Scientology franchises with regard to raising money; is that
7 correct?

8 A Right.

9 MR. LITT: Objection. Leading.

10 THE COURT: Overruled.

11 Q BY MR. FLYNN: So your daily experiences did not
12 involve the experience of many people who were out in the
13 periphery of the organization with regard to the drive toward
14 making money?

15 MR. HARRIS: I'll stipulate to that, that he wasn't
16 there, Your Honor.

17 I'll object to the question as assuming facts
18 not in evidence.

19 THE COURT: I'll sustain the objection to the form of
20 the question.

21 Q BY MR. FLYNN: When you gave that book to your
22 parents, did you lie to your parents?

23 A Yes.

24 Q And in what way did you lie to your parents?

25 A I lied to my parents about where I was, what I
26 was doing.

27 Q And in your experience on board the ship -- strike
28 that.

1 Was there a policy on board the ship of not
2 informing your parents as to where you were?

3 A Yes.

4 Q And was that a requirement of just about everyone
5 on board?

6 A Well, there was the published -- I assume everyone
7 on board except maybe Mr. Hubbard who could have changed it.
8 But all correspondence going off the ship was -- it was
9 submitted to the master at arms. All correspondence was
10 read before it went to our families or anyone off the ship.

11 Q So throughout the years you were on the ship did
12 your parents know where you were?

13 A No.

14 Q And at some point in time did they believe you
15 had been killed?

16 A Yes.

17 Q And did that involve your sending this book to
18 them?

19 A Yes.

20 Q And explain what happened at that point,
21 Mr. Armstrong.

22 A Well, my parents received a postcard and a couple
23 of anonymous telephone calls and informing them that --
24 first of all, one of them said that I was shanghaied; another
25 one said that I was dead. They didn't know.

26 So they approached, first, the police, the RCMP;
27 then got in touch with a member of Parliament and an attorney
28 in Vancouver who was involved at that point in Scientology.

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1 And I don't know to what degree or how he was involved, but
2 he apparently was knowledgeable. So they contacted him.

3 I heard of it. The Guardian's office received
4 news of it and informed me on board.

5 And then a few days after that I received news
6 from the Guardian's office. I received a letter from my
7 mother to which I responded, but it was at that time I was
8 ordered by the GO to go home and to handle my parents
9 regarding the problem.

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1 I believe that the phone calls and the postcard
2 came from a man by the name of Roger Bennett. The person who
3 had introduced Scientology to me, Roger, has spent the last
4 nine years, at least up until last year when I last spoke to
5 him, in an insane asylum up in -- near Vancouver, and he is
6 insane per him on the subject of Scientology.

7 My belief from the handwriting that -- I had a
8 copy of the postcard at one time and from the handwriting, I
9 believe that it was Roger although I have no proof of that,
10 and really I don't recall at this time Roger's handwriting.

11 Q Is there a letter under seal from Mr. Hubbard
12 to the Department of Defense regarding people going insane
13 under Scientology processing?

14 A There has been -- there is something like that.
15 I think it is a denial of such a thing, but I know that those
16 claims have been made. I have seen a couple of insane people
17 regarding -- while in Scientology. We are talking about
18 very insane, not just the rest of us crazies.

19 Q Now, Mr. Armstrong, there was person killed
20 on board the ship in 1971 shortly after you arrived; is that
21 correct?

22 A Yes.

23 Q And her name was what?

24 A Susan Meister.

25 Q And she was shot to death?

26 THE COURT: Are we talking about this witness' personal
27 knowledge or what he heard or what?

28 Q BY MR. FLYNN: Was she killed while you were

1 on board?

2 A Yes.

3 Q It was a gunshot wound in the forehead; is that
4 correct?

5 A That is what I was told at the time.

6 Q On board the ship?

7 A Yes.

8 Q And do you know whether her father was trying to
9 get on board the ship to see L. Ron Hubbard to find out what
10 happened to his daughter?

11 MR. LITT: Your Honor, this clearly calls for speculation.

12 THE COURT: I think it is pretty remote from where we
13 are supposedly going here, so I will sustain the objection.
14 It is all very interesting, but we have more important things
15 to probably decide than what is interesting, so let's go
16 forward.

17 Q BY MR. FLYNN: Well, there was some question
18 of Mr. Harris to you, Mr. Armstrong, about whether or
19 not the ship was required to leave port with women and
20 children before it was seaworthy; do you recall that?

21 A Yes, I recall the question. I don't recall there
22 ever being such an incident.

23 Q Was the ship ever seaworthy?

24 THE COURT: In what fashion?

25 Q BY MR. FLYNN: Well, as a passenger vessel?

26 A Well, it did not meet SOLAS requirements.

27 Q And with regard to people on board the ship,
28 there were people -- there was a crew that were being paid

1 wages; is that correct?

2 A Yes.

3 Q And there were people that came on board who
4 paid money to take courses on board; is that correct?

5 A Yes.

6 Q And they were made to sign the ship's articles
7 as crew, but they were paying customers; is that correct?

8 A Right.

9 Q And was there a public relations problem with
10 regard to various countries because of things such as the
11 Susan Meister incident?

12 A The Susan Meister incident did create a problem.
13 There were other problems which we ran into. That was the
14 only death on board while I was there which caused a problem.

15 Q Was there a practice of throwing people overboard?

16 A Yes.

17 Q And was that a punishment practice?

18 A Yes; not at sea but while docked.

19 Q Now, Mr. Litt asked you several questions with
20 regard to exhibit 7 page 2 which is the letter of PUBS DK
21 to the board of directors of the church, Your Honor.

22 Now in that letter page 2 paragraph 2, that
23 paragraph relates to your authority to provide Mr. Garrison
24 with complete access to your archives and records on LRR
25 including FOI documents, private papers, letters, photographs,
26 logs, legal papers and the like; is that correct, Mr. Armstrong?

27 A That is what it says, yes.

28 Q Now the legal papers that you provided, were

1 those the papers such as the letters to and from Attorney
2 Brinkman?

3 A They would be included in legal papers.

4 Q And the letters involving Mr. Baudine and the
5 security project picking up Mr. Baudine?

6 A Well I wouldn't have classed that as a legal
7 paper, but maybe private paper, maybe both. It would have
8 been included in there.

9 Q And those were voluntarily given to you?

10 A Yes.

11 Q And this is the document that was approved by
12 the Board of Directors of the Church of Scientology of California
13 is that correct, pursuant to that resolution which has been
14 marked as a separate exhibit?

15 A Apparently.

16 Q Did anyone ever restrict you from getting legal
17 papers to Mr. Garrison?

18 A No.

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1 Q Mr. Litt showed you an original of a letter that
2 was originally marked -- all right -- a dispatch that was
3 originally marked as exhibit J which you testified was sent
4 to Mary Sue Hubbard as Controller; do you recall that?

5 A Yes.

6 Q And your original testimony was that that
7 exhibit J was sent dated 15 October, 1980; do you recall
8 that?

9 A Yes.

10 Q And then Mr. Litt showed you a document which
11 is dated, I believe, October 30th or October 31st, 1980 which
12 is essentially the same as that document with some changes;
13 do you recall that?

14 A Yes.

15 Q Now, first, explain to the court what your
16 practice was with regard to correcting errors or modifying
17 documents that your seniors ordered you to modify to send
18 up lines?

19 A Well, if the changes were minimal, then I would
20 simply either paste-up or white-out and make the corrections
21 and then Xerox the document to make a presentable readable
22 letter for dispatch.

23 This is missing something.

24 Q Did you have a secretary, Mr. Armstrong?

25 A no.

26 Q Did you have a correcting typewriter?

27 A No.

28 Q So your practice was if there were major changes,

1 then you would cut and paste and Xerox; is that correct?

2 A Yes.

3 Q And if there were not major changes, then you
4 would simply use the correcting type paper?

5 A Well, yes, or just white it out generally.

6 Q Now, how many times would you estimate between
7 1980 and 1981 did you cut and paste documents and then Xerox
8 them and send the Xeroxed copy out to people and left the
9 original in the file that was cut and pasted?

10 A A great number of times. I would say that the
11 bulk of my requests for money regarding the biography project
12 were done that way.

13 The policy which I followed was every month when
14 I requested these funds, I prepared a description of what
15 I was doing, much of which was the same. So I would simply
16 cut and paste those paragraphs rather than having to retype
17 a document of this kind of length.

18 So very often -- I'm not the best typist in the
19 world -- I retained the poor looking originals and sent out
20 a nice looking Xerographic copy.

21 Q That was your practice?

22 A Yes.

23 Q And you left all of those originals in the files
24 in the organization when you left?

25 A Yes.

26 Q So that all of those files with all of those cut
27 and pasted originals showing that practice would all be in
28 the possession of the organization; is that correct?

1 A Well, they would have a big chunk of such
2 documents.

3 Q Now, Laurel Sullivan's post was what,
4 Mr. Armstrong?

5 A She held, in a sense, two positions during the
6 time when I was on the biography project. We would say
7 double-hatted. She was the LRH senior personal public
8 relations officer and she was also in charge of the MCCS
9 Mission.

10 Q Now, you testified that you sent this, what has
11 been marked as exhibit J, to Laurel Sullivan; is that
12 correct?

13 A Yes.

14 Q And then she returned it requesting you to make
15 changes; is that correct?

16 A Yes.

17 Q Now, today, sitting on the witness stand, do you
18 recall what happened now with regard to your sending that
19 to her and her returning it to you?

20 A Yes, basically.

21 Q Was there ongoing conversation or discussion
22 between you and Laurel Sullivan about keeping Mary Sue
23 Hubbard advised of what was happening in the biography
24 project?

25 A Yes.

26 Q And was there an ongoing discussion between you
27 and Laurel Sullivan about the fact that you were poor in
28 public relations?

1 A Poor in public relations?

2 Q Poor in public relations.

3 A That I was poor?

4 Q Correct.

5 A Well, I don't know if she ever articulated it
6 like that, but she definitely thought that I was probably
7 a little too straightforward.

8 She gave me shots a couple of times, verbal shots
9 for implying that Mr. Hubbard may be lying about things.

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1 I think that she figured that I did lack the
2 diplomacy that she as a PR had. That was discussed.

3 Q Did she return exhibit J for you to redo?

4 A Yes.

5 Q And you redid it with what has been marked as
6 plaintiff's exhibit 26?

7 A Yes, including this.

8 Q Including what is a document that says "Central
9 Office of LRH ED to November 1980"; is that correct?

10 A Right.

11 Q And did you send exhibit 26 to Mary Sue Hubbard?

12 A Yes.

13 Q And did you get a response?

14 A I believe I got a response. I do not recall
15 exactly what it was, but I got a response. I knew that it was
16 received and I just cannot tell you exactly what she said.

17 Q Did you have a discussion with Laurel Sullivan
18 about the response?

19 A Laurel and I discussed the subject, the subject
20 of archives and the establishment of the archives trust a
21 great number of times, and again I can't tell you exactly what
22 the nature of the response was that Laurel got, but I knew
23 that Laurel was in touch with Mary Sue on practically a
24 daily basis by dispatch and on quite a regular basis by
25 telephone throughout this period, and it was because of that,
26 at least, that I knew that they were both discussing the
27 subject.

28 Q Would you look at exhibit J and exhibit 26 and

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1 state on the record and to the court what the difference between
2 the first paragraph of exhibit J is and the first paragraph of
3 exhibit 26?

4 A Well --

5 MR. LITT: Objection. The documents speak for themselves.

6 THE COURT: Well, I will sustain the objection.

7 Q BY MR. FLYNN: Mr. Armstrong, what was your
8 understanding as to the change that you put in in the first
9 paragraph with regard to diplomacy and PR value on the two
10 documents?

11 A Well, that was exactly it. It was kind of a
12 nicer introduction to give Mary Sue this nice acknowledgement
13 about her being the most knowledgeable on the subject of
14 archives and the senior archives terminal.

15 Q And you had not said that on exhibit J; is that
16 correct?

17 A Right.

18 Q And also the other change relates to changing
19 the attachment to exhibit J which was a list of the types of
20 documents you were collecting in the archives project to what
21 has been called a COLED; is that correct?

22 A Yes.

23 Q And why was that change made, Mr. Armstrong?

24 A Well, Laurel requested that rather than adjust
25 me a listing of what I call her documents to do with archives
26 but specifically relating to the formation of the archives
27 trust, Laurel wanted the documents formed into a central office
28 of LRH ED so that it could be approved and issued. Otherwise

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1 I would have to resubmit the document one more time in order
2 to have an issue published on the subject.

3 I also broadened up the earlier document and
4 assigned targets to various people, various groups.

5 Q And one of the targets was, "6. Exchange the
6 technical materials now in our personal files for the non-
7 technical materials in C archives"; is that correct?

8 A Yes.

9 Q And that is what you and Tom Vorn were doing?

10 A Yes.

11 Q Now, Mr. Armstrong, on page 3 of exhibit 26 which
12 has been described as the COLED, is there a stamp "approved
13 for the Board of Directors for the Church of Scientology of
14 California"?

15 A No.

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1 Q Why is that?

2 A Well, it didn't go to the board of directors.
3 It probably would have been added in at the end of the
4 Mimeographed issue for public relations or legal reasons.
5 But it wasn't necessary in any of these documents.

6 Q Did anything you ever did, to your knowledge,
7 get approved by an actual board of directors of any corporate
8 organization?

9 THE COURT: If you know.

10 Q BY MR. FLYNN: If you know?

11 A No.

12 MR. LITT: Is the "no" that he doesn't know of any,
13 or is the "no," no, it didn't happen?

14 THE COURT: Not to his knowledge, apparently.

15 Q BY MR. FLYNN: Basically, Mr. Armstrong, the way
16 the situation worked with the biography project, did anything
17 require official approval of any board of directors to your
18 knowledge?

19 A No.

20 Q Now --

21 THE COURT: We'll take a recess at this time until
22 1:30.

23 If you want to take Mrs. Hubbard out of order
24 here this afternoon at 1:30 to accommodate her, it is all
25 right with me.

26 MR. FLYNN: I don't think I have too much longer.

27 I think Mary Sue Hubbard is going to be very
28 short, possibly as short as 15 minutes.

1 MR. LITT: Well, I would just as soon do it out of
2 order, Your Honor. Mrs. Hubbard would prefer that.

3 THE COURT: Why don't we put her on out of order? Then
4 you can go ahead and finish with her.

5 MR. LITT: May we have the clerk release to our custody
6 the documents that were marked that we have not really had
7 a chance to review for the lunch break so we can look at
8 them? There were about three or four.

9 THE COURT: Are they sealed documents?

10 MR. LITT: No; the ones that Mr. Flynn just presented.
11 He didn't have copies for us.

12 MR. HARRIS: And may he be ordered to give us all the
13 rest he is going to use so we don't have to waste the court's
14 time?

15 THE COURT: Give them copies of whatever you are going
16 to use.

17 Do you have any particular objection to them
18 being released to plaintiff's counsel, Mr. Flynn?

19 MR. FLYNN: As long as Mr. Litt will represent that
20 they'll be returned in tact.

21 THE COURT: You can identify which exhibits. By
22 stipulation they can be released to plaintiff's counsel and
23 be returned at 1:30.

24 (At 11:55 a.m., a recess was taken
25 until 1:30 p.m. of the same day.)
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1 LOS ANGELES, CALIFORNIA; TUESDAY, MAY 22, 1984; 1:30 P.M.

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4 THE COURT: All right. We are back in session.
5 Counsel and parties are present.

6 Mrs. Hubbard, you may retake the stand.
7 Mrs. Hubbard is being called under 776, I gather, of the
8 Evidence Code.

9
10 MARY SUE HUBBARD,
11 called as a witness in behalf of the defense, under section 776
12 of the Evidence Code, was sworn and testified as follows:

13 THE COURT: Just have a seat. State your name again
14 for the record. You are still under oath.

15 THE WITNESS: Mary Sue Hubbard.

16 MR. HARRIS: Your Honor, just if I could, I have now
17 had a chance to look at what Mr. Flynn marked as exhibit
18 triple I.

19 I will represent to the court that this document
20 I hadn't seen before and it did not come into evidence in
21 the IRS case, and I just want, if there is to be any remarks
22 to me from Mr. Flynn, that they be directed to Your Honor in
23 the future.

24 THE COURT: Well, there is no reason to get exercised
25 over the problem. Just continue with the case and try to
26 resolve it.

27 MR. FLYNN: May I have those exhibits, Mr. Harris?
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DIRECT EXAMINATION

BY MR. FLYNN:

Q Mrs. Hubbard, in 1980 and 1981 were you close with Laurel Sullivan?

A I had communications with her, yes.

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30 1 Q How frequently?

2 A I would say up to a point in '81, more frequent.
3 And then the beginning of '80, very infrequent; the summer
4 of '80, a little bit more frequent.

5 In other words, it was not consistent.

6 Q And the fall of '80?

7 A I would say not too terribly frequent at that
8 time. The most frequent communication was in '81.

9 Q How often did you receive written dispatches from
10 her in '80 and '81?

11 A I would receive a written report weekly.

12 Q When did you last see Laurel Sullivan?

13 A I don't know. It must have been some time in
14 '76 that I recall seeing her.

15 Q In '76?

16 A Yes.

17 Q And did you give her permission to stay at your
18 apartment in 1981?

19 A I think I said that if she was going to be coming
20 to Los Angeles, she could stop with me, yes.

21 Q Did you receive any dispatches from Laurel
22 Sullivan relating to the biography project?

23 A Mainly in conjunction with the contract for the
24 biography.

25 Q Other than the contract for the biography did
26 you receive any dispatches from Laurel Sullivan on any other
27 aspect of the biography project?

28 A There might have been something about the

1 archives as such, what was going to happen to them after the
2 biography was done.

3 Q What was the nature of that communication?

4 A Setting up an archives trust.

5 Q Who was going to set the trust up?

6 MR. LITT: Objection. I am going to object at this
7 point, Your Honor.

8 This, again "it was going to" is part of
9 advice -- this essentially runs into the MCCS Mission.
10 "It was going to" was -- this was advice being -- advice was
11 being sought from attorneys on a range of things including
12 how to handle these archives matters and all of the
13 discussions had to do with matters relating to the
14 relationship between the church and Mr. Hubbard, tax matters,
15 and a variety of things which was all being gathered,
16 provided to attorneys, advice being sought from attorneys,
17 recommendations being made. They were being evaluated,
18 et cetera.

19 I don't think it is proper to elicit what was
20 going to happen. If something did happen, fine. But as to,
21 "what was going to happen," that cannot be separated out
22 from the process of seeking advice from attorneys about how
23 to handle a variety of matters, including this trust.

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1 THE COURT: Well, do you want to read the last question
2 back?

3 (Record read.)

4 THE COURT: Are we talking about the archives trust?
5 Was that your preceding question?

6 MR. FLYNN: Correct, Your Honor.

7 THE COURT: If you know, you can answer. If you don't
8 know, you can so state.

9 THE WITNESS: I don't know. I never authorized a
10 trust be set up.

11 Q BY MR. FLYNN: What documents were going to go
12 into the trust?

13 THE COURT: If you know.

14 THE WITNESS: I really don't.

15 Q BY MR. FLYNN: Whose documents were going to
16 go into the trust?

17 A Well, as the trust wasn't set up, no one ever
18 explained to me what documents were going into the trust,
19 so I don't know.

20 Q Isn't it a fact that your husband's documents,
21 L. Ron Hubbard's documents, were going to go into the trust
22 and he was going to take a \$50 million tax deduction?

23 A I don't know that.

24 MR. LITT: Your Honor, Mr. Flynn has just talked to
25 Laurel Sullivan, gotten information from her that is privileged,
26 and asked a question about it and I am going to object again,
27 and that specific question --

28 THE COURT: Well it was unanswered, so I will strike

1 it. She doesn't know.

2 I am not considering anything that is asked in
3 the question as evidence unless there is an answer affirming
4 it.

5 Q BY MR. FLYNN: Do you know who currently owns
6 your husband's documents that were collected by Mr. Armstrong?

7 A I think I do except for what the court has.

8 Q And do you know who currently possesses the
9 documents that were collected by Mr. Armstrong?

10 A According to the letter I have from the church
11 is that the church has secured them in possession for myself
12 and my husband.

13 Q And what church is that, Mrs. Hubbard?

14 A Over at Cedars, in the Cedars Complex.

15 Q Who supervises those documents if you know?

16 A I don't know.

17 Q Have you heard of a corporation called Author's
18 Services Incorporated?

19 A What?

20 Q Have you heard of a corporation called Author's
21 Services Incorporated?

22 A Author's, yes.

23 Q And isn't it a fact that that corporation manages
24 your husband's affairs?

25 A I believe they do.

26 Q And there is a Mr. Lyman Spurlock that is
27 connected to that corporation; is that correct?

28 A At one time I knew that he was, yes.

1 Q And isn't it a fact that Author's Services
2 Incorporated is supervising the documents that were collected
3 as part of the archives project?

4 A I don't know that.

5 Q So you are saying that you own the documents,
6 but you have no knowledge as to who is supervising them or
7 the manner in which they are being supervised; is that your
8 testimony?

9 A My testimony --

10 MR. LITT: Objection; asked and answered. Her testimony
11 is what her testimony is.

12 THE COURT: I will sustain the objection to the
13 form. It is argumentative.

14 Q BY MR. FLYNN: Are you familiar with exhibit
15 double Z, Mrs. Hubbard, "What Your Fees Buy"?

16 A No, I am not. I have never seen this little
17 thing before.

18 Q Have you ever seen anything like that before.

19 A No.

20 Q Have you ever seen any representations in
21 any form of writing published by your husband or the Church of
22 Scientology about whether or not your husband, L. Ron Hubbard,
23 received moneys from the church between 1966 and 1981?

24 A Anything -- you are asking --

25 MR. LITT: I am going to object to the question as
26 vague. The term "moneys from the church" is vague. If
27 there is a specific document, then the document should be shown.

28 THE COURT: Well, overruled. It is cross-examination.

1 THE WITNESS: What is your question again, Mr. Flynn?

2 Q BY MR. FLYNN: Well, let's see if I can focus
3 it in a little bit, Mrs. Hubbard.

4 A Right.

5 Q You see, if I can point it out to you, you see
6 in the paragraph that begins:

7 "Personally I have tried to do my
8 part in this. None of the researches of Dianetics
9 and Scientology were ever actually paid for
10 out of organizational fees. With my typewriter
11 I paid for the research myself. Occasionally Orgs
12 were supposed to, but they never did. Independent
13 of research costs, the \$13½ million that Orgs ... " --

14 THE WITNESS: Where are you reading?

15 Q BY MR. FLYNN: Right here.

16 "Independent of research costs,
17 the \$13½ million that Orgs owed me for services
18 rendered, 10 percent (the usual author royalties)
19 lectures, loans, things paid out of my own pocket,
20 I never collected."

21 A Yes.

22 Q And there is also a reference in there that your
23 husband received less pay than staff members?

24 A Yes.

25 Q Now did you ever see any representations
26 published by any Churches of Scientology or your husband to the
27 effect of those words that are set forth in there; namely,
28 that your husband received less pay than staff members and

1 he never received any fees from Scientology Organizations,
2 and that he forgave debts of \$13½ million?

3 A I saw something like that, I think, in '66 or
4 '65.

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1 Q Did you ever see anything since then?

2 A No.

3 Q Well, let me ask you this: are those statements
4 true to your knowledge?

5 MR. LITT: Objection. True -- it is compound.

6 MR. FLYNN: We'll take them one at a time.

7 MR. LITT: It is compound, one.

8 And are we talking about time frames?

9 MR. FLYNN: I'll reframe it.

10 THE COURT: Let counsel reframe his question.

11 Q BY MR. FLYNN: Between 1966 and 1981,
12 Mrs. Hubbard --

13 A I don't think you can take that large a time
14 frame.

15 Q Let me ask the question and see if you can
16 respond.

17 Between 1966 and 1981 at any time did your
18 husband receive more pay than staff members?

19 MR. LITT: Your Honor, before we proceed with this,
20 I'm going to instruct Mrs. Hubbard that any knowledge that
21 she has as a result of holding the position of Controller
22 and information connected in connection with the MCCS Mission
23 is to be excluded from her answer.

24 Is that acceptable to the court?

25 THE COURT: I think it is a little overly broad.

26 How long was she Controller of the organization?

27 MR. LITT: I'm speaking only of what she learned from
28 the MCCS Mission for the periods 1980 and 1981.

1 THE COURT: Preliminarily you can exclude anything that
2 you acquired from this MCCC operation.

3 MR. LITT: And also, of course, anything as a result
4 of confidential communication between spouses should be
5 excluded.

6 THE COURT: I'll deny that.

7 MR. LITT: I am confused.

8 Is the Court saying that Mrs. Hubbard is to
9 answer this question including confidential knowledge provided
10 to her by her husband?

11 I don't know if there is any such thing. I am
12 trying to get --

13 THE COURT: We are not asking her to tell us any
14 confidential communications.

15 What is the question, Mr. Reporter? Read me the
16 question, please.

17 (The pending question was read.)

18
19 THE WITNESS: I would say that up until a certain time
20 in about, I think, the early '70's, that this was true,
21 yes.

22 Q BY MR. FLYNN: It was true up until the early
23 '70's and it was not true afterwards?

24 A Yes.

25 Q And you don't know anything about that document;
26 so you don't know whether that was disseminated, for example,
27 in 1976 and 1977 and 1978?

28 A I said I thought. The information that I heard

1 about this came out in '65 or '66. But I never saw this
2 little -- read this little thing.

3 Q Now, for the period in the early '70's where it
4 was not true, is it your testimony that your husband did
5 receive more pay than staff members?

6 A Yes. He was -- he did.

7 Q And --

8 MR. LITT: Objection, Your Honor.

9 Mrs. Hubbard's testimony was that up until the
10 early '70's this was true.

11 Then Mr. Flynn asked a question which, I think,
12 is misleading which is in the early '70's, is it your
13 testimony that he received more money than that.

14 Her tetimony was up until the early '70's he did
15 not.

16 THE COURT: I think the question was framed up until
17 the time that it wasn't true --

18 Go ahead and rephrase the question. You have
19 got me confused.

20 Q BY MR. FLYNN: In other words, Mrs. Hubbard, in
21 the early '70's your husband began to receive more pay than
22 staff members?

23 A I think so, yes.

24 Q And how much more?

25 A I don't know.

26 Q Was it in the millions of dollars?

27 A No.

28 Q Was it in the hundreds of millions of dollars?

1 A No.

2 Q Was it less than a million dollars?

3 A I really don't know, but I know it was not in
4 the millions and it wasn't in the hundreds of thousands of
5 dollars.

6 Q Can you give me your best approximation of
7 approximately how much it was?

8 A He began receiving a consultancy fee from the
9 church. And I don't recall exactly how much that consultancy
10 fee was.

11 Q And prior to that he had not received a
12 consultancy fee; is that true?

13 A That is true.

14 Q At any time after 1966 did he receive 10 percent
15 of organizational gross income?

16 A No, he did not.

17 Q He never did?

18 A No. That money eventually was used to form the
19 Sea Organization; was used aboard the Sea Organization. And
20 then that money eventually was turned over -- any money left
21 from that corporation, which is OTC -- like we had a series
22 of corporations -- that money was put into a trust and a
23 certain sum of money was returned, as far as I know, to the
24 church.

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1 Q Were any sums put into Swiss bank accounts after
2 1966 in your husband's name that came from organizational money?

3 A He was holding the post of trustee for Church
4 moneys, yes.

5 Q In his own name?

6 A In the name -- in his name, yes.

7 Q And that was after 1966?

8 A Yes.

9 Q And that was prior to the early 1970's?

10 A Yes. All that money went, as I say, for the
11 Sea Organization, for the founding, for the buying of the
12 ships, for the maintaining and paying of food, clothing,
13 shelter, oil, port expenses, everything like that and so on.

14 Q And who owned the ships?

15 A The ships were owned by OTC and eventually OTC --
16 it had -- whenever the OTC dissolved, any moneys left in OTC
17 were to go to a trust fund, and any moneys that were still
18 retained by OTC on behalf of the church went back to the
19 church.

20 Q And you know that for a fact?

21 A I know that for a fact.

22 Q They all went back to the church?

23 A That is correct.

24 Q Which church did they go back to?

25 A They went back, the money that belonged to the
26 Church of Scientology of California, other moneys was put into
27 a trust.

28 Q And how do you know all this?

1 A Because that was the way it was arranged at the
2 time. I was part of the arrangements to see that this was
3 effected.

4 Q You were, as the Controller of the organization,
5 involved in getting all of this accomplished?

6 A Partially, yes, to a certain extent.

7 Q Now, so your testimony is prior to the early
8 '70's he received nothing from the organization; is that
9 correct?

10 A No, I didn't say that.

11 Q He received less than a staff member?

12 A Something like that.

13 Q How much was a staff member receiving in,
14 for example, 1969 if you know?

15 A I am sure I don't know.

16 Q If I suggest to you it was on the range of
17 \$4 a week in the Sea Organization, does that refresh your
18 memory at all?

19 A There wasn't any Sea Organization in that early
20 period.

21 Q In 1969 there was no Sea Organization?

22 A I thought you were talking about 1966.

23 Q Let's take the year 1969, three years after your
24 husband's resignation.

25 A Yes.

26 Q In that period of time was there a Sea Organization?

27 A There was.

28 Q And were people in the Sea Organization staff

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1 members?

2 A Yes, they were.

3 Q And do you remember approximately how much they
4 were receiving?

5 A Depended. In the early days it varied.

6 Q Now did these staff members work for OTC if
7 they were on board the Apollo?

8 A At that time they worked for OTC, yes.

9 Q And that was a profit-making corporation?

10 A To the extent that -- no profits were ever to
11 be disbursed to anyone else, but all profits of the corporation
12 were to go to a non-profit corporation, so I don't know
13 whether that makes it what.

14 Q But you do know about that?

15 A I know about that.

16 Q And this profit corporation, OTC, do you know
17 whether the people on board the Apollo were working for OTC?

18 A They were working for OTC, yes.

19 Q And let's take the year 1969, does it refresh
20 your recollection if I suggest to you that the Sea Org members
21 or employees of OTC or whatever they were were earning \$4 a
22 week approximately at that time?

23 A They never were earning \$4 a week.

24 Q Do you have an approximation as to how much they
25 were earning during that period of time?

26 A As far as I know, it was something like 4 pounds
27 a week, which was maybe about \$12 something.

28 Q Eight to twelve dollars, somewhere in that range?

1 A Yes.

2 Q And is it your testimony that your husband was
3 making less than say \$12 per week during that year from the
4 organization?

5 A I don't know what he was making that year.

6 Q And do you know whether he had a bank account
7 in Switzerland during that year?

8 A Yes, he did.

9 Q And do you know how much was in it?

10 A As I again say, Your Honor, that was the trustee
11 moneys which were the church moneys.

12 Q Held in his own name?

13 A Yes.

14 Q And this was three years after he resigned?

15 A Yes.

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1 THE COURT: Why did he use Switzerland as a place for
2 the account?

3 THE WITNESS: Because they were American monies. And
4 at that time they didn't want the bank -- if you banked them
5 in England, you had to get special permission to have an
6 external account in order to keep an amount of dollars. And
7 at sea we would have to use these monies. And at that time
8 the best way to get monies exchanged in different ports was
9 with the dollar. So --

10 Q BY MR. FLYNN: Now, do you recall in late 1969
11 or early 1970 when your husband withdraw \$10 million from
12 a Swiss bank account and brought it on board in cash on board
13 the Apollo?

14 A Yes.

15 Q Whose funds were those?

16 A Those were the trustee funds.

17 Q And he ordered that those be brought on board
18 the Apollo?

19 A Well, those weren't exactly the circumstances.

20 The circumstances were that the Swiss bank asked
21 that we close out our account. We brought the monies aboard
22 at that time.

23 Q Is it your testimony that after the early 1970's
24 he only received a \$35,000 consultancy fee per year from any
25 organizational income?

26 A I am saying that that is what he received, his
27 consultancy fee, yes.

28 Q And your testimony is that he didn't receive

1 anything more than that?

2 A I'm saying that is what he received.

3 You are getting me confused. I don't know what
4 you're talking about.

5 Q Is it your testimony that other than the \$35,000
6 consultancy fee about which you have testified, that he
7 received no funds from the organization above that amount?

8 A For what years, Mr. Flynn?

9 Q After the early 1970's.

10 MR. LITT: Your Honor, the question is overbroad and
11 overly general.

12 Mrs. Hubbard has testified about what Mr. Hubbard
13 got as a consultant or as a staff member.

14 Is the question limited to whether he got no
15 other such fees in that capacity, or --

16 THE COURT: I am not sure. I think there is some
17 indication that at different times there were corporations
18 that were receiving funds. And I don't know whether she is
19 making a distinction between Mr. Hubbard or a corporation
20 that may have been receiving funds.

21 HEC, didn't they receive funds from time to
22 time?

23 THE WITNESS: Yes.

24 THE COURT: Where did those funds go?

25 THE WITNESS: Those funds went over to OTS and to OTC.
26 And all the property that was HEC's went to OTC, the
27 corporation.

28 And the ships were sold off and those monies

1 became part of the monies that eventually wound up in,
2 as I say, a part of it being given back to the church that
3 was owed to the church and the other money being held in a
4 church trust account.

5 THE COURT: Try another question, Mr. Flynn.

6 Q BY MR. FLYNN: In your last response did you say
7 monies that were owed to the church, Mrs. Hubbard?

8 A Monies that OTC still had in its possession which
9 was the church's monies.

10 Q Now, did members of the OTC sign undated letters
11 of resignation, the board of directors?

12 A I have no information on that.

13 Q Do you know whether there are such resignations
14 under seal here?

15 A I have heard that there were.

16 Q And do you know that your husband owned 98 out
17 of the 100 shares of OTC?

18 A Originally, yes.

19 Q Now, were you a signatory on some of these Swiss
20 bank accounts?

21 A I can't really recall. I never signed a check
22 on a Swiss bank account for the church that I recall.

23 Q Do you know whether there were checks, Xeroxed
24 copies of checks under seal from Swiss bank accounts made
25 out payable to you?

26 A No, I don't know that.

27 Q One, for example, in the amount of approximately
28 \$19,000?

1 A No. I haven't seen it.

2 Q Now, your testimony is you don't recall whether
3 you were a signatory on any Swiss bank accounts?

4 A Yes.

5 Q You don't recall?

6 A I don't recall it, no. And I don't recall signing
7 any checks.

8 MR. LITT: Your Honor, Mr. Flynn should not ask the
9 same question 20 times.

10 It has been asked and answered, Your Honor.

11 THE COURT: All right. Sustained.

12 Q BY MR. FLYNN: Let's take a corporation called
13 "Religious Research Foundation"; were you involved at all
14 in the incorporation of that corporation?

15 A In the incorporation of it, I don't recall.

16 Q And have you ever heard of that corporation?

17 A Yes.

18 Q And do you know where it was incorporated?

19 A Abroad. But what specific country, I don't
20 recall.

21 Q If I suggest Liberia, does that refresh your
22 memory at all?

23 A Could be.

24 Q And do you know when it was incorporated?

25 A In the early '70's. Not exactly. I don't recall
26 the specific incorporation date.

27 MR. LITT: Your Honor, at this point I am going to ask
28 that any questioning on this subject be deferred until the

1 whole issue of what has happened with respect to the
2 violation of attorney-client privilege on the topic of RRF
3 and the proper methods of acknowledging it be dealt with by
4 the court.

5 Mr. Flynn has had access to attorney-client
6 privileged information in the tape. He has had extensive
7 conversations with Laurel Sullivan in which we were unable
8 to determine whether he has been passed privileged
9 information.

10 He is asking questions which are clearly the
11 fruits of that activity. We don't believe it is proper.

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1 We understood that the court was going to deal
2 with this at the time of the testimony of Laurel Sullivan
3 which is perfectly acceptable, but it seems to me that until
4 that happens, inquiries which it appears are the result of
5 extensive discussions in which representatives, former
6 representatives of the church have passed privileged information
7 to Mr. Flynn which now form the basis of his inquiry is
8 improper and we would ask, therefore, that any inquiry into this
9 area be deferred until the time that we have made a final
10 resolution of that subject.

11 THE COURT: I don't know. Did this corporation come out
12 of that MCCS?

13 MR. LITT: Yes, it does, Your Honor.

14 MR. FLYNN: No, it doesn't.

15 MR. LITT: Let me finish, please, Mr. Flynn.

16 Your Honor, Mr. Armstrong has filed numerous
17 affidavits quoting a portion of it, at least what purports to
18 be a transcript of the tape under seal in which
19 there's specific reference to that. It was quoted in the
20 Clearwater Sun the other day, quoting that same thing, and
21 that quote makes reference to RRF. It makes reference to a
22 fund transfer.

23 THE COURT: Well, it just means that if I were to decide
24 that they have a right to go into it, your client would
25 have to come back at a later date.

26 MR. LITT: If that is how we have to handle it,
27 that is how we have to handle it. But I can't have the
28 privilege be abrogated because of that inconvenience.

35-2

1 MR. FLYNN: I will provide the court a copy of
2 the affidavit of Mr. Armstrong that Mr. Litt has alluded
3 to.

4 MR. HARRIS: Can we have one, Counsel?

5 MR. FLYNN: Yes, I have a copy for you, Mr. Harris,
6 and, Your Honor, what I would point out is that MCCS
7 began in 1980. RRF began in 1972-1973.

8 As I have previously informed the court,
9 the purpose of MCCS was to change history, to undo,
10 to conceal what RRF had done.

11 This witness is familiar with the fact
12 that a chain of corporations that went from HEC to OTS
13 to OTC to RRF was the conduit through which hundreds
14 of millions of church funds were funneled and ended up
15 in RRF bank accounts and then went into L. Ron Hubbard's
16 bank accounts. But this took place prior to 1980.

17 THE COURT: Well if she has personal knowledge
18 of what money went where prior to that time, I don't
19 see any reason why it can't be testified to.

20 MR. LITT: Because it is improper to permit Mr. Flynn
21 to make inquiry into it when the questions are formed
22 as a result of an invasion, and I would suggest a knowing
23 invasion of the attorney-client privilege. One cannot
24 go and solicit a former representative of one's opponent,
25 take privileged information and then come into court
26 and say, "Well, I am not asking this witness to testify
27 to privileged information. I am just posing questions
28 as a result of my violation of the privilege.

1 That is what I am raising in this context,
2 and I had understood that we were going to fully resolve
3 this issue at the appropriate time and all of the limitations
4 that should be placed would be dealt with at the appropriate
5 time after we have had a full chance to have argument
6 on the subject before the court, and I don't think that
7 it should be dealt with by allowing Mr. Flynn to have
8 done what has occurred here without the court ruling
9 after full argument and consideration of the matter to,
10 in effect, undermine that privilege by the very form
11 of questions that he is propounding.

12 MR. FLYNN: If Your Honor please --

13 MR. LITT: And in terms of any knowledge that
14 he may or may not have about what Mrs. Hubbard may or
15 may not know about RRF. We think there should be a determination
16 of what the source of that was and whether or not it
17 comes from an invasion of the attorney-client privilege,
18 and all I am suggesting at this point is that this subject
19 matter be deferred. Mrs. Hubbard will return. If that
20 is the way it has to play itself out, that is fine.

21 When Miss Sullivan testifies and we have
22 a full opportunity to discuss this, we are preparing
23 a further brief which we plan to have ready by tomorrow
24 to submit to the court on the topic, and I just think
25 it is the way to proceed at this point and there is certainly
26 enough in light of what we already know to raise questions
27 about how this should be handled, and I don't think that
28 the question should go to Mrs. Hubbard until we have

1 had an opportunity to resolve those.

2 MR. FLYNN: If Your Honor, please I only want
3 to get Mrs. Hubbard -- I don't intend to spend a lot
4 of time on this. If we followed Mr. Litt's suggestion,
5 we can be here for months. I only want to get Mrs. Hubbard
6 committed to a few answers and I will even do it in the
7 form of direct examination with regard to prior to 1980,
8 her knowledge of what funds went into RRF.

9 THE COURT: Well I will permit that question.
10 If she had personal knowledge and she can testify to
11 it, fine. If she doesn't, she can so state.

12 MR. FLYNN: All right.

13 Q Mrs. Hubbard, were you a director of RRF?

14 A I don't recall.

15 Q Do you know a woman named Kima Douglas?

16 A Yes.

17 Q Do you know whether Kima Douglas was a
18 director of RRF?

19 A I believe she might have been.

20 Q Do you know whether the directors of RRF
21 were required to sign undated letters of resignation
22 from 1972 to 1980?

23 A I don't know.

24 Q Were you a signatory on any RRF bank accounts?

25 A I don't know. All I know is I never signed
26 any checks on them.

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1 Q What, if any, knowledge do you have about church
2 funds going into RRF accounts?

3 THE COURT: At what point in time?

4 Q BY MR. FLYNN: Between 1972 and 1980.

5 A Well, that depends upon which church funds you're
6 talking about. You know, you sort of grouped, clumped
7 everything together into something called church funds.

8 Q What funds do you know about?

9 A I believe, to the best of my recollection, I think
10 that certain foreign church funds -- these are separately
11 incorporated churches in foreign countries -- I believe
12 certain sums went from them into the RRF account sometime
13 in maybe '73.

14 Q And those were foreign Scientologists who were
15 coming to the United States and receiving services at Flag?

16 A Some of them, yes.

17 MR. LITT: Objection.

18 What point in time?

19 MR. FLYNN: At any time prior to the 1980.

20 THE WITNESS: Yes.

21 Q BY MR. FLYNN: And Flag was owned by the Church
22 of Scientology of California?

23 A Yes.

24 Q And RRF paid Flag for the services it had
25 collected for those people?

26 A Yes.

27 Q But those checks were not made out to the Church
28 of Scientology of California; they were made out to a

1 Liberian corporation?

2 MR. LITT: Objection. Assumes facts not in evidence.

3 MR. HARRIS: Mrs. Hubbard testified she doesn't know
4 whether it was a Liberian corporation or not.

5 THE COURT: If you know, you can answer.

6 THE WITNESS: I think, as I say, this is sort of like
7 general knowledge, Your Honor, because I never invoiced the
8 things. I never banked the money and that sort of thing.

9 Foreign collections were made for people who
10 wanted services on Flag by people who were living in those
11 countries abroad. And such monies were, as far as I know,
12 banked into RRF. And when those people then came to Flag
13 eventually for their services, wherever Flag was, whether
14 it was on the ship or whether it was ashore, those monies
15 were paid by RRF to the appropriate church that performed
16 the services.

17 Q BY MR. FLYNN: And where did you get all of that
18 understanding?

19 A That was the way it was established to begin with,
20 Mr. Flynn.

21 Q Were you involved with setting that up?

22 A To a certain extent, yes.

23 Q Who else was involved in setting that up?

24 A I don't recall. At the time it was based on
25 various attorney recommendations.

26 Q Let me show you a Xeroxed copy of a check in
27 exhibit 500-5X under seal, "Pay Mary Sue Hubbard OTC account
28 \$19,788 from the Church of Scientology of New York."

1 A That is quite different from Mary Sue Hubbard,
2 isn't it?

3 Mary Sue Hubbard OTC account, yes.

4 Q Now, Mrs. Hubbard, that is a check drawn on a
5 Swiss bank account; is that correct?

6 A Yes.

7 Q And it is under the account of the Church of
8 Scientology of New York?

9 A Yes.

10 Q So if I understand that correctly, that is a
11 Church of Scientology of New York Swiss bank account making
12 a check payable to you to the OTC account; is that correct?

13 A That is right.

14 Q And the OTC account is the profit-making
15 corporation that you testified about?

16 MR. LITT: Objection. Assumes facts not in evidence.
17 That was not her testimony. That misstates the testimony.

18 THE COURT: I'll sustained the objection.
19 Argumentative.

20 Q BY MR. FLYNN: Were you a signatory on the OTC
21 account?

22 A For a short time in Spain when we were having --
23 when we had our service organization in Alicante. These
24 monies for students and various and sundry clients who came
25 for church services, these monies were paid. It was paid
26 into an account called OTC account which was an account in
27 a bank in Alicante. And these monies were banked there and
28 in Valencia.

1 Q Now --

2 A And I signed on that account in Valencia.

3 Q What, if any knowledge do you have, Mrs. Hubbard,
4 of funds going from Religious Research Foundation accounts
5 to L. Ron Hubbard personal accounts in Liechtenstein prior
6 to 1980?

7 A I don't have any information on that.

8 Q Now, is your testimony that after 1970 or after
9 the early 1970's your husband did not receive 10 percent of
10 any organizational gross income?

11 A I think my testimony is that to my knowledge my
12 husband did not receive even in the '60's 10 percent of the
13 income of any organization.

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1 Q And just so we are clear on this: Is it
2 your testimony that after the early 1970's other than
3 the \$35,000 consultancy fee, your husband did not receive
4 any funds from any Churches of Scientology other than
5 that amount?

6 A Up until when? What time period are we
7 talking about?

8 Q From the early 1970's to approximately
9 1980.

10 A To 1980 --

11 MR. LITT: This is a question as to what she is
12 aware of, Your Honor.

13 THE COURT: Obviously. What you have knowledge
14 of.

15 THE WITNESS: Well, I know that he received royalties
16 for books and, you know, from publications organization,
17 DK, standard royalties on that and other than that, I
18 really didn't have that much knowledge or information.

19 Q BY MR. FLYNN: Now with regard to the 10
20 percents, is it your testimony that these 10 percents
21 were paid to him and then he returned them to church
22 organizations?

23 A My testimony is that they were always used
24 as church funds and were received as part of church funds
25 and were utilized as part of church funds at all times.

26 Q And at any time after 1966 were they ever
27 in any of your husband's bank accounts?

28 A As trustee for the church, they were in various

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1 bank accounts that were administered by my husband, yes.

2 Q In his personal bank accounts?

3 A Yes. They were all accounted for and turned
4 into IRS and, you know, we had an IRS case on all this
5 and I don't know why we are going into it on this.

6 Q And were you aware of a release that was
7 being prepared, at least for the benefit of your name
8 and your husband's name, in December 1981 that all staff
9 members of the Church of Scientology were requested to
10 sign which has been marked as exhibit double M in which
11 the following was stated:

12 "I recognize and understand that
13 neither Ron nor Mary Sue Hubbard receive any
14 compensation or remuneration from training
15 or processing by the church, that neither Ron
16 or Mary Sue are officers or directors of the
17 Church, and that neither of them are in any way
18 responsible for actions of the church."

19 MR. HARRIS: There must be a reference to the
20 specific exhibit because the church mentioned is a corporation,
21 the name of which is at the beginning of it.

22 THE COURT: Well that is a part of the document,
23 yes.

24 Q BY MR. FLYNN: Now, Mrs. Hubbard, were
25 you aware that that was being sent to all organizational
26 employees for signature?

27 MR. LITT: That assumes a fact not in evidence.

28 THE COURT: Sustained.

1 Q BY MR. FLYNN: Were you aware that people
2 such as Mr. Armstrong were being asked to sign that?

3 A No, I was not.

4 Q In December 1981 what was your post within
5 the organization?

6 A December '81 I was not on post at that
7 time.

8 Q And you were not on post; is that correct?

9 A That is correct.

10 Q And did you have any affiliation with the
11 organization in December 1981?

12 MR. HARRIS: That is ambiguous, Your Honor.

13 THE COURT: Well I will sustain the objection.
14 You can reframe your question.

15 Q BY MR. FLYNN: Did you participate in any
16 way in the management of the organization?

17 A In December 1981?

18 Q Correct.

19 A No.

20 Q Did your husband?

21 A No, not to my knowledge or information.

22 Q After 1966 did your husband participate
23 in any manner in the management of the organization?

24 MR. LITT: Objection. In context, the question
25 calls for a conclusion. There should be specifics.

26 If Mr. Flynn wants to know what Mr. Hubbard
27 did, the question of participation in the management
28 is a conclusion.

1 THE COURT: Oh, it is not all that difficult, Counsel.
2 It is a very simple concept. Overruled.

3 THE WITNESS: That depended. At different times my
4 husband did different things, so like I can say like for
5 instance in '75 he was very interested in doing various
6 photography and was doing photography pictures for books, and
7 he wasn't on the quote management lines, end quote at that
8 time at all.

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1 A There was a period when he was teaching us
2 aboard the ship how to do evaluations. And he wrote a whole
3 series of policy letters called "The Daily Evaluation Series"
4 and teaching us how to do evaluations of how organizations
5 were doing. And so at that time he was assisting us to help
6 us to learn how to manage corporations.

7 At other times he was busy filming; at other times
8 he would be off doing research and so on. In other words,
9 he was not consistently like I was, you know, tied to a desk
10 and tied to a specific job, you know, this is what my
11 functions were.

12 Q Did he issue dispatches through the Commodore's
13 Messengers organization after 1966 and prior to December,
14 1981?

15 A I don't think there was a Commodore's Messengers
16 Org until sometime aboard the ship in the '70's.

17 Q At that time did he issue dispatches through the
18 Commodore's Messengers Org?

19 A They weren't like dispatches. On the ship, it
20 was like -- it would like tell the engine room, tell a
21 messenger to tell the engine room to turn up the heat. It
22 is getting hot, or something like that.

23 Q Let's take prior to February and March of 1980
24 before your husband went into seclusion; prior to that time
25 did he issue orders to any organizations through the
26 Commodore's Messengers Org?

27 A There would be specifically some things like,
28 you know, they would -- either they would write-up or they

1 would deliver verbally.

2 Q Was that part of the organizational hierarchy
3 of the Church of Scientology between 1978 and 1980?

4 MR. HARRIS: Objection, Your Honor.

5 Is he talking about the ecclesiastical
6 hierarchy?

7 The Church of Scientology seems to me to be
8 ecclesiastical as opposed to a corporation.

9 THE COURT: It seems to me to be a rather amorphous
10 organization.

11 MR. HARRIS: It is amorphous, like the Roman Catholic
12 Church is amorphous. But there are entities, like the Arch
13 Bishop of Los Angeles, Your Honor, just like there is the
14 Church of Scientology of California which is the legal
15 entity.

16 MR. FLYNN: Your Honor, I want to know whether or not
17 Mrs. Hubbard is aware that the Commodore's Messengers
18 organization between 1978 and 1980 was basically managing
19 the organization.

20 THE COURT: Was that the situation, if you know?

21 THE WITNESS: No, sir.

22 MR. HARRIS: The organization?

23 THE COURT: Whatever organization.

24 What organization did the CMO exist in?

25 THE WITNESS: At that time the CMO existed within the
26 Church of Scientology of California.

27 THE COURT: Was it a department of Sea Org?

28 THE WITNESS: Sea Org is generally what is called the

1 people who have --

2 THE COURT: A thousand years to a billion years?

3 THE WITNESS: Technically speaking, yes. But Sea Org
4 members could be in various churches around the world, sir.

5 Q BY MR. FLYNN: Do you know anything about the
6 CMO managing any corporation organizations between 1978 and
7 1980?

8 A I know that the CMO at one time was -- would find
9 trouble spots within various organizations. If an
10 organization was not doing well, they would send off missions
11 to assist that organization or that church to do better.

12 Q Now --

13 A But they were not doing day-to-day management
14 of that organization or any organization except their own.

15 Q Are you familiar with the policy called "The
16 Founder"?

17 A Yes. I think I recall that.

18 Q And was that policy created about the time that
19 the Guardian's office was created, in 1966?

20 A I think you had better show me what you're talking
21 about.

22 Q This policy here, Mrs. Hubbard.

23 Are you familiar with it?

24 THE COURT: You have got an exhibit there, counsel?

25 MR. FLYNN: 500-L, Your Honor.

26 THE WITNESS: Let me read it.

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1 Q BY MR. FLYNN: I direct your attention to the
2 part wherein it is stated:

3 "My office of LRH as founder remains
4 mine as the public demonstrably stays away from
5 Orgs that do not bear the name L. Ron Hubbard,
6 and I do not wish to damage their traffic volume.
7 This is not a retirement but a resignation of
8 all conduct or posts in the conducting of organi-
9 zations by myself."

10 Now, first, are you familiar with that?

11 A Familiar with what? This?

12 Q Correct.

13 A Yes.

14 Q And was that policy created about the time
15 that the Guardian's office was created?

16 A No.

17 Q When was the Guardian's office created?

18 A In March of 1966.

19 Q And this is September of 1966; correct?

20 A Yes.

21 Q When was your post of Controller created?

22 A In 1969.

23 Q And who was the last executive director of the
24 Church of Scientology?

25 A I am sorry --

26 THE COURT: Do you mean looking backward from now or
27 some time in the '70's or what?

28 Q BY MR. FLYNN: Let's start from the present if

1 you know.

2 Who was the last executive director of the Church
3 of Scientology?

4 A The last executive director of California --
5 are we talking about the Church of Scientology of California?
6 because there are different churches all over the world. I
7 don't know which one you are talking about.

8 Q Are they all corporately separate?

9 A Yes, most of them.

10 Q And are any of those corporations controlled
11 by any one person?

12 A All of them controlled by any one person?

13 Q Right.

14 A Oh, good heavens, no. That would be impossible.

15 Q And in 1966 when the Guardian's office was
16 created, were you the first Guardian?

17 A I was the first Guardian, yes.

18 Q And who was the executive director just prior
19 to the time that the Guardian's office was created?

20 MR. HARRIS: Is this ecclesiastical or in the corporation
21 where it was at the time? There is an ambiguity, Your Honor.
22 Again we are getting into --

23 THE WITNESS: He keeps lumping all churches in like a
24 church.

25 THE COURT: All right, let's talk about the Church of
26 Scientology of California.

27 THE WITNESS: All right. So what is your question?

28 Q BY MR. FLYNN: Well, let me ask you this,

1 Mrs. Hubbard: When your husband wrote, "Conducting of
2 organizations by myself," what organizations was he referring
3 to?

4 THE COURT: If you know.

5 Q BY MR. FLYNN: If you know.

6 A He was referring to the organizations that were
7 at St. Hill Manor, East Grinstead, Sussex, England at that time.

8 Q Was he referring to the Church of the Scientology
9 of California?

10 A I don't remember what the corporate -- whether
11 we had a church at that time or whether it was an association
12 of Scientologists International.

13 Q If he had any participation, it was as a director
14 of the Church of Scientology of California. Was it your
15 understanding he was resigning from conducting those organi-
16 zations, too?

17 A I think that to the extent that my husband was
18 on like a day-to-day handling of doing anything in relationship
19 to management that is what this refers to.

20 Q Of any organization?

21 A Mainly the organization of St. Hill's, yes.

22 Q Did it include any other organization?

23 A In that the St. Hill organization helped
24 supervise other organizations, to that extent, but to a
25 limited extent only.

26 Q Do you know there are numerous exhibits on the
27 date of that wherein your husband was instructing boards of
28 directors to send him various items and transfer moneys and

1 bank accounts and do things like that?

2 A I am sure he did because, you know, like at
3 that time that that was occurring, he wanted to establish --
4 he felt that we were in difficulty in England and he wanted to
5 establish an OT base which was at sea, and so that to the
6 extent that that is what he was going to do, I think that the
7 church certainly was willing to help him do that.

8 Q So he could jump in any time and issue those
9 types of instructions was your understanding?

10 A If he wanted to, yes, because he is our leader.

11 Q Thank you.

12 A But not our manager.

13 Q Was Mr. Hubbard the executive director prior
14 to 1966?

15 A Yes.

16 Q Was there any executive director after Mr. Hubbard
17 up until William Franks was appointed in 1981?

18 A No, we had what we called commanding officers
19 and association or organization secretaries.

20 Q Are you familiar with the policy written
21 by your husband called the Guardian?

22 A Yes, I am.

23 Q In March 1966?

24 A Yes.

25 Q And isn't it true at the beginning of that
26 policy it says, "There is only one senior post to the
27 Guardian and that is the post of Executive Director";
28 is that correct?

1 A That was correct at that time.

2 Q And that was the post Mr. Hubbard resigned
3 from; is that correct, Executive Director?

4 A Yes, at that time, yes.

5 Q And then the next Executive Director was
6 Mr. Franks in 1981?

7 A Called Executive Director, yes, but there
8 were individuals in churches who were called Commanding
9 Organizations of their organization or who were organization
10 secretaries or association secretaries for their organization.

11 Q So, per that policy on March 1, 1966, the
12 Guardian, when you husband resigned and you were appointed
13 the Guardian, you were the highest official of the Church
14 of Scientology; isn't that correct?

15 A That might have been correct, but that
16 wasn't the way it was actually effected.

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1 Q Did the Guardian's office basically control
2 finances throughout the world between 1966 and the time you
3 left the post?

4 A No. They basically didn't, Mr. Flynn.

5 Q Did that policy say that the Guardian has the
6 authority to do that, Mrs. Hubbard?

7 A It said that the Guardian could have the
8 authority, but the Guardian did not exercise that authority.
9 And I never did.

10 Q Were you highest official of the church? Is that
11 correct?

12 MR. LITT: Object. The document says what it says.

13 Mr. Flynn is arguing with the witness.

14 THE COURT: It is argumentative.

15 THE WITNESS: See, at some point, Your Honor, that was
16 all changed. In 1969 another management structure came in.
17 And so it is constantly shifting, you know what I mean, with
18 different structures and different --

19 Q BY MR. FLYNN: Constantly shifting, Mrs. Hubbard?

20 A Yes, Mr. Flynn.

21 Q Now, let me show you exhibit AAA, "Guardian
22 Program Order 121669."

23 A Yes.

24 Q Have you ever seen that document before?

25 A Yes. I wrote that. It was issued in December,
26 yes.

27 Q You wrote that?

28 A Yes, I did.

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- 1 Q Let me show you exhibit HHH; are you familiar
2 with that?
- 3 A No, I am not familiar with this.
- 4 Q You are not familiar with exhibit HHH?
- 5 A No.
- 6 Q Would you look through it?
- 7 A I am still not familiar with it.
- 8 Q You are familiar with Guardian Program Order
9 121669, however; is that correct?
- 10 A Yes, that is correct.
- 11 Q Do you know what a "Information Full Hat" is?
- 12 A It must have been a hat that the information for
13 anyone in the Information Bureau had.
- 14 Q What was the Information Bureau?
- 15 A The Information Bureau is the bureau within the
16 church within the Guardian's office which was merely a
17 department within a church, one of twenty-one departments
18 in the church. And that one bureau dealt with gathering of
19 information, doing investigations, assisting with legal
20 actions, assisting with gathering information to help in
21 public relations and so on.
- 22 Q Did you have any participation in preparing any
23 of the Hat Packs for any Guardian office departments?
- 24 A No, I did not.
- 25 Q Do you know who did?
- 26 A Guardian office people at Worldwide did.
- 27 Q Jane Kember?
- 28 A I don't think she did because it would be a more

1 junior person down the line that would be preparing those.

2 Q Preparing the Hat Packs?

3 A Yes. Like an administrative person at a lower
4 level within the organization.

5 Q Then they get sent up for approval?

6 A I don't know if they were sent up for approval
7 or not.

8 Q Would that be the normal thing that would take
9 place within the Guardian office such as the structuring of
10 Hat Packs to train Guardian office people; is that the type
11 of thing that would go up the line for approval?

12 MR. HARRIS: Three compound questions there, Your Honor.

13 THE COURT: Sustained.

14 Q BY MR. FLYNN: Were Hat Packs a significant thing
15 within the Church of Scientology, Mrs. Hubbard?

16 A I would say that they were, yes. A person had
17 to be trained.

18 Q You had to train people to do their jobs;
19 correct?

20 A That is correct.

21 Q Now, would those packs normally get approved by
22 seniors are people who, as you say, wrote them?

23 A I would say like on this one, I would say that
24 Mo Budlong probably saw this and might have okayed that.
25 I don't know.

26 Q And let's take the Information Bureau Full Hat.

27 A This one?

28 Q Was the Information Bureau a significant part

1 of the Church of Scientology in the 1970's?

2 A It was not a significant part. It was merely
3 one bureau within twenty-one departments.

4 The Guardian's office was only one department
5 within a twenty-one department organization.

6 As far as it being, "significant," Mr. Flynn,
7 I think it was maybe significant to those of us within the
8 GO who had anything to do with the Information Bureau.

9 Q So it was significant to you?

10 A It was significant only to me in that it was
11 something that was being done within the Guardian's office,
12 yes.

13 Q And were the training manuals or Hat Packs
14 significant to you, Mrs. Hubbard?

15 A I didn't -- that wasn't my perview. I didn't
16 have to authorize it, okay, or see Hat Packs.

17 Q You were the highest official in the Church of
18 Scientology; is that correct?

19 A I was not the highest official within the Church
20 of Scientology. That was issued in 1969.

21 Shortly after 1969, in the early '70's, the
22 management structure changed within the church. Certain
23 management functions were brought aboard Flag at which time
24 I became merely head of one of the, as I say, twenty-one
25 departments within the church.

26 Q And --

27 A So what is your question on this one?

28 Q So with regard to the Information Full Hat,

1 activities of the Information Bureau that called for, for
2 example, burglarizing places, would that be something that
3 the Information Bureau would normally engage in the 1970's?

4 MR. HARRIS: Objection. That assumes facts not in
5 evidence.

6 THE WITNESS: If you have something specific --

7 THE COURT: I think there is some evidence in some of
8 these United States District Court or Circuit Court opinions
9 relative to that subject that have been submitted to me by
10 both sides.

11 MR. LITT: But what does it have to do with this case?

12 THE COURT: It goes to, I suppose, credibility if
13 nothing else; corroboration of the defendant's testimony.

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1 THE WITNESS: The defendant never worked in there.
2 I don't know what he is talking about when he assumed
3 so much information about the Guardian's office, other
4 than what you must have told him or coached him on.

5 Q BY MR. FLYNN: Oh, you know the type of
6 evidence that would be in the Guardian's office that
7 Mr. Armstrong would not know about; is that correct?

8 A No, that is not correct, Mr. Flynn, but
9 what is your question?

10 Q Here is a document. Let's take, for example,
11 the vetting writeup which is an exhibit.

12 Are you familiar with the vetting writeup?

13 MR. LITT: If there is an exhibit, can the exhibit
14 be shown to the witness?

15 THE COURT: Well, it is going to take some time.
16 That is the problem.

17 If you are familiar, the witness can certainly
18 answer if she is familiar.

19 THE WITNESS: I said in my last testimony that
20 I had heard about vetting, Your Honor, and I heard about
21 vetting from his associate, Mr. Logan, on another civil
22 case down in Florida.

23 THE COURT: You never heard of it within the organization?

24 THE WITNESS: No, sir. I never heard of it.
25 It was not done in my office.

26 Q BY MR. FLYNN: You know nothing about vetting?

27 A I have already answered your question.

28 Q We will take a look at exhibit W.

1 A What do you want me to see about this?

2 Q Can you tell me whether you have ever seen
3 that before?

4 A No.

5 Q Let me point you to page 2, regardless
6 of whether you have seen this document, now do you know
7 anything about a procedure regarding the ordering of
8 a breaking and entering, a B and E?

9 A What are you asking?

10 Q Do you know anything about procedures of
11 a B-1 bureau to do those types of things?

12 MR. HARRIS: I will object to the form of the
13 question. He is pointing to the document which the witness
14 hasn't identified. If he wants to ask her directly without
15 reference to the document, please do so.

16 THE COURT: Well I don't know that that is any
17 kind of a valid objection. He is showing us something
18 which appears to be printed material, I gather, that
19 is identified as coming from the church or some portion
20 of the church or some part of the church.

21 She was Guardian and perhaps she has some
22 knowledge of it, what is written there or procedure set
23 forth there. Overruled.

24 Q BY MR. FLYNN: Do you know anything about
25 the mentions of the ordering of B & E's?

26 A Being vetted?

27 Q Vetted from B-1 files.

28 A This is the first time I have seen this

1 and the first time I know anything about it.

2 Q Never heard of anything like that?

3 A No, I have never heard anything like that.

4 Q Or evidence that anything was stolen from
5 one of our guys; do you know anything about vetting B-1 files
6 in relation to those type of things?

7 A No. As I say I haven't seen this before.

8 Q Or implications of posing as a government
9 agent?

10 A I have not seen this document before and
11 you can keep asking questions and getting the same answers.
12 I haven't seen the document before.

13 Q Have you seen Guardian's program order
14 121669 with your name on it?

15 A I issued that.

16 Q And with regard to exhibit triple H, page
17 20 item 38 of exhibit triple H, which is the information
18 full hat in training Guardian office agents to apply
19 Guardian program order 121669, when you wrote the policy,
20 did you incorporate the policy into any training manuals
21 to train Guardian's office agents how to apply Guardian
22 program order 121669?

23 A I didn't write this into hat. I wrote this
24 as a program order and if somebody included it as a hat,
25 they included it, but I don't know anything about it.

26 Q Not including a Guardian program order
27 of the type of 121669 would not have required your approval?

28 MR. HARRIS: I don't understand the question.

1 THE WITNESS: I don't understand.

2 MR. FLYNN: Vague and ambiguous.

3 THE COURT: I will sustain the objection.

4 Q BY MR. FLYNN: Mrs. Hubbard, would it have
5 required your approval to put Guardian program order
6 121669 into the information full hat of the Guardian's
7 office?

8 A No it would not have required my approval.

9 Q Do you know whether in the '70's pursuant
10 to Guardian program order 121669 PC files or auditing
11 files were being culled for information?

12 A No, I did not know that.

13 Q You don't know anything about that?

14 A No, I did not know that.

15 Q In this Guardian's program order did you
16 write this?

17 MR. LITT: Objection; asked and answered.

18 THE WITNESS: Yes, I did.

19 THE COURT: She's already indicated she did.
20 Let the answer stand.

21 Q BY MR. FLYNN: When you stated:

22 "To use any and all means to detect
23 any infiltration, double agent or disaffected
24 staff member, Scientologist or relatives of
25 Scientologists and by any and all means to
26 render null any potential harm such might render
27 or have rendered or might render."

28 Was it your intention to use any or all

1 means to -- against disaffected staff members, Mrs. Hubbard?

2 A I think that is more like saying to a football
3 team, "Go get them, man" or "Go slaughter them." But
4 it is not to be taken literally.

5 Q Did you do word clearing in Scientology?

6 A I have done word clearing, yes.

7 Q Isn't one of the fundamental principles
8 of your husband that if there is a misunderstood word,
9 you go back and you look it up and you find exactly what
10 it means?

11 A Yes, it is.

12 Q That is very important in Scientology to
13 use words exactly for what they mean; isn't it, Mrs. Hubbard?

14 A Not to use exactly for what they mean. It is
15 to look up words that you don't understand so that you do have
16 an understanding of them.

17 Q When a Guardian's office agent was applying
18 Guardian program order 121669, if he didn't understand any word,
19 would he go look it up to make sure what it meant?

20 MR. HARRIS: That calls for speculation and a conclusion.

21 THE COURT: As framed, it would. Sustain the objection.

22 Q BY MR. FLYNN: Mrs. Hubbard, let's go over to the
23 operating targets. What are operating targets?

24 A Targets one does operating. You do them.

25 Q You put them into practice?

26 A Effect; that's right.

27 Q And there is a notation to make full use of all
28 files in the organization to affect your major target. These

1 include personnel files, ethics files, dead files, central
2 files, training files, processing files?

3 A Yes.

4 Q And requests for refunds?

5 A Right.

6 Q Now, processing files are auditing files; is
7 that correct?

8 A No they are not.

9 Q Do you know how many Scientologists are here
10 in the audience?

11 A Processing files were at that time when I wrote
12 this in 1969 were administrative files, and the PC folder
13 was always called the PC folder.

14 Q So it is your testimony that in 1969 that meant
15 administrative files but not PC files; is that correct?

16 A It was always a PC folder. It was always called
17 a PC folder. PC stands for preclear, and processing files
18 were our administrative files that were kept by first the
19 director of processing and later by the tech services depart-
20 ment.

21 Q So as I understand your testimony, processing
22 files are not auditing files when you wrote that; is that
23 correct?

24 A That is absolutely correct.

25 Q So you wanted the B-1 bureau or someone in the
26 organization to go through personnel files, ethics files --

27 A You don't have to yell.

28 Q Excuse me. -- dead files, central files,

1 training files, but not PC files?

2 A PC folders; not PC files. That is processing
3 files which are administrative files kept separately.

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1 Q And if there are hundreds of papers of literature
2 in Scientology policies that say processing files or auditing
3 files, then all of those policies would be mistaken; is that
4 correct?

5 A I haven't seen hundreds --

6 MR. HARRIS: Objection. Assumes a fact not in
7 evidence.

8 THE COURT: I'll sustain it.

9 THE WITNESS: You are a big dreamer. I haven't seen
10 hundreds.

11 Q BY MR. FLYNN: Let me show you this document
12 dated July 28, 1972; "The following data was gotten from
13 Arden's PC folders with a routing form up in upper left-hand
14 corner."

15 Have you ever seen something like that before?

16 MR. LITT: Is the question did she ever see anything
17 like that before?

18 Q BY MR. FLYNN: Did you see that?

19 A No, I didn't see this.

20 Q Did you ever see any communication similar to
21 that in the Guardian's office where material was taken from
22 PC folders?

23 A No, I did not.

24 Q For example, this person, talks about several
25 self-induced abortions.

26 Did you know about those?

27 A No, I did not.

28 MR. LITT: May that be marked, Your Honor?

1 THE COURT: JJJ.

2 Q BY MR. FLYNN: Let me show you a document dated
3 11-11-76 to Rawhide ICB/ICS.

4 May this be marked next in order, Your Honor?

5 THE COURT: KKK.

6 Q BY MR. FLYNN: What was Rawhide IC, Mrs. Hubbard?
7 Do you know?

8 A I don't know.

9 Q IC means in charge; right?

10 A Maybe. Yes.

11 Q And this is a form for the extraction of
12 information from files; isn't that fair to say?

13 MR. LITT: Objection. Calls for a conclusion. The
14 document speaks for itself.

15 THE COURT: That is what it appears to be.

16 Overruled.

17 Does it appear to be such?

18 THE WITNESS: It appears to be some sort of form, yes.

19 Q BY MR. FLYNN: "...I have checked the following
20 files in the organization for info on this person, pre-OT
21 files."

22 The person named is Donald Wilson; do you see
23 that, Mrs. Hubbard?

24 A Yes.

25 Q "An Organization B-1 Branch 2 files are also
26 noted."

27 What are Organization B-1 Branch 2 files?

28 A That might be internal security files of the

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1 Guardian's office. I am not sure. I don't know what that
2 designation is.

3 Q You don't know what B-1 files were?

4 A Of course, I know what B-1 files were.

5 I don't know what this is referring to there,
6 Mr. Flynn.

7 Q Let me show you a document dated 27 September,
8 1978, "Info re Donna Reeves."

9 THE COURT: Use "Donna R." I don't want to get involved
10 with identification of any individuals.

11 Q BY MR. FLYNN: Donna's auditing files start with
12 July, 1963. It goes on to state who she has been promiscuous
13 with and masturbating with coffee grounds, that type of
14 thing.

15 Do you see that, Mrs. Hubbard?

16 A I see that, Mr. Flynn.

17 Q There is a notation during this auditing she "RS's
18 on Jane Kember."

19 What does RS stand for?

20 A Rock Slam.

21 Q What does that mean?

22 A That means that a person has overt acts upon --
23 overt acts, meaning acts of contra-survival and so on against
24 a person against whom they are RS'ing, rock slamming. And
25 the people mentioned are.

26 Q The type of information that is in here, to your
27 knowledge was the Guardian's office extracting information
28 in 1976 from people's PC files of this type on a List-1 Rock

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1 **Slam Project?**

2 **A I don't know.**

3 **THE COURT: We'll take a 15-minute recess.**

4 **(Recess.)**

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1 THE COURT: All right, we are back in session. Retake
2 the stand, Mrs. Hubbard. State your name again for the record.
3 You are still under oath.

4 THE WITNESS: My name is Mary Sue Hubbard.

5 Q BY MR. FLYNN: Mrs. Hubbard, you mentioned that
6 the processing files in your understanding were administrative
7 files; is that correct?

8 A That is correct, yes.

9 Q So the administrative files could be used to
10 attack an individual but not the PC files?

11 MR. LITT: Objection; argumentative. That is not what
12 the document says.

13 Q BY MR. FLYNN: Well, the administrative files
14 could be used for any and all means against disaffected staff
15 members?

16 A It wasn't used against them. It was used to
17 help handle them.

18 Q Now, processing files, who in the organization
19 had processing files?

20 A They were kept by the director -- later in the
21 tech services department, and they were generally kept by the
22 head of the department of tech services.

23 Q The director of processing?

24 A Director of processing had access to those files
25 and put information into those files, yes.

26 Q The tech services were auditing services?

27 A Technical services was a department to
28 provide service to both the counseling department and to
29 the training department.

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1 Q Auditing services?

2 A Yes, auditing.

3 Q And the director of processing kept processing
4 his files in the technical division?

5 A Yes.

6 Q And what did the director of processing do besides
7 maintain files, Mrs. Hubbard?

8 A The director of processing scheduled people who
9 were undergoing counseling. They assigned auditors to people
10 who were undergoing counseling. They interviewed people who
11 were undergoing counseling. They monitored their progress.

12 Q And the director of processing maintained the
13 auditing files?

14 A Maintained the processing files.

15 Q And also the auditing files?

16 A The PC folders were also kept separately in Tech
17 Services, yes.

18 Q Under the director of processing?

19 A Under the director of Tech Services.

20 Q Let me run through quickly some more of these
21 exhibits, Mrs. Hubbard.

22 You don't have any knowledge about what Rawhide
23 was; is that correct?

24 A No, I don't.

25 Q How about a case, Kermit V. Miller; do you have
26 any understanding what that was?

27 A Never heard of the name.

28 MR. FLYNN: May that be marked next in order, Your Honor?

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1 THE COURT: MMM.

2 Q BY MR. FLYNN: This is another form similar to
3 the last form which PC OT files were looked into on this
4 particular person, Emmylee Miller?

5 A Yes.

6 MR. LITT: Is that calling for Mrs. Hubbard to say what
7 that is?

8 THE COURT: She can say what it appears to be. It
9 is a description.

10 Q BY MR. FLYNN: On the second page during a Sec
11 Check she told of two years ago she had an affair with a
12 married lawyer in Virginia; what is a Sec Check?

13 THE COURT: The first page appears to talk about a male
14 and the second may appear to be a female. I don't know if
15 those are put together.

16 MR. FLYNN: We'll separate them, Your Honor, then.

17 One is Kermit V. Miller; the other one is Emmylee
18 Lynn Miller.

19 The form for the first page will be marked as
20 MMM.

21 Q You are not familiar with that form?

22 A No.

23 Q And this one, Emmylee, may that be marked NNN,
24 Your Honor?

25 THE COURT: Very well.

26 Q BY MR. FLYNN: The second page of Emmylee,
27 June 12, "...Sec Check on the question of having done things
28 that she could be blackmailed for. She said that two years

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1 ago she was dating and having a love affair with some married
2 lawyer in Virginia."

3 To your knowledge were those types of things
4 being culled from auditing files when you were the head of
5 the Guardian's office, Mrs. Hubbard?

6 A I think this might have been something that
7 someone wrote in order to be employed in the Guardian's
8 office. I don't know that this was -- it doesn't seem to
9 be -- I don't know.

10 THE COURT: I didn't understand.

11 Do you mean somebody did this to become employed
12 in the Guardian's office?

13 THE WITNESS: It looks like somebody has filled out
14 information for employment.

15 THE COURT: Do you mean just made it up?

16 THE WITNESS: Within the Guardian's office anyone had
17 to fill out a complete sort of life history form of
18 themselves in order to be employed. This looks like what
19 this might be. I'm not certain, but this is what it seems
20 to be.

21 THE COURT: And the word "excerptions"?

22 THE WITNESS: That would be excerptions taken from sort
23 of like life history write-ups.

24 THE COURT: The person volunteered this information
25 and the notation that they could be blackmailed for it was
26 just an observation that the person had made about
27 themselves?

28 THE WITNESS: Yes. In other words, if they -- if there

1 is -- I guess if they felt there was anything that they could
2 possibly be blackmailed for, they would mention it in their
3 employment application.

4 THE COURT: And the Guardian's office would be
5 interested in that type of information, that a person could
6 be blackmailed for?

7 THE WITNESS: They wouldn't want anybody on staff who
8 might be subjected to blackmail, yes.

9 Q BY MR. FLYNN: Now, some of these documents have
10 routing forms such as A/G, DC, DD, DG --

11 MR. LITT: Can we know what we are referring to here?

12 MR. FLYNN: "Intel weekly report ending June 29, 1972.

13 "Dear Terry" --

14 MR. LITT: Has that been marked?

15 MR. FLYNN: OOO, please, Your Honor.

16 THE COURT: All right. OOO.

17 MR. FLYNN: ". . .situation, additional data needed
18 on Terry. PE has made some veiled accusations against
19 Scientologists and has threatened to sue more than once.
20 Completely went through all his PC files and compiled some
21 interesting data which directly contradicted info pro had
22 given me during the interview."

23 MR. HARRIS: That is PC folders, Your Honor.

24 MR. FLYNN: PC folders.

25 Q Incidentally, in the Guardian's office, routing
26 was used; is that correct, routing forms?

27 A Yes.

28 Q You are familiar with routing forms?

1 A Yes, I was.

2 Q And does this document refresh your memory at
3 all as to whether PC folders were culled for information to
4 use against staff members?

5 A No. It doesn't refresh my recollection.

6 Q Is it your testimony that that wasn't done,
7 Mrs. Hubbard?

8 A It is not my testimony that it was not done.
9 It might have been done, Mr. Flynn, but when I wrote this
10 and that other one, I certainly did not mean for that to be
11 done.

12 THE COURT: Who is A/G or what was A/G?

13 THE WITNESS: That stands for Assistant Guardian. That
14 would be the Assistant Guardian in the local church in
15 Washington, D.C., the founding Church of Scientology of
16 Washington, D.C.

17 Q BY MR. FLYNN: If this program to cull files was
18 put in training manuals in the Guardian's office and the
19 Guardian's office agents were trained on that for a decade
20 or more, that wasn't your intention either?

21 A No. If it had been my intention, I would have
22 indicated, you know, put it into a hat. The programs were
23 not usually put into hats.

24 Q Programs weren't put into hats, Mrs. Hubbard?

25 A Usually not put into hats, Mr. Flynn.

26 Q You knew what went into hats and what didn't?

27 A I'm familiar with what went into hats and what
28 didn't, yes.

29 Usually policies go into hats.

45-1

1 Q If this practice was taking place while you were
2 the Controller of the organization, that was not your
3 intention; is that your testimony?

4 A That was not my intention, yes. When I
5 indicated and wrote this in 1969, I meant that they would go
6 through the processing which was an administrative file. I
7 think I have got the wrong one.

8 Q Let's take a look at this one. Start at the
9 top, "DGUS. Dear Henning."

10 Who was that?

11 A That was the Deputy Guardian US.

12 Q That was just a post a little below you; correct?

13 A That was a post considerably below me, yes.

14 Q How far below you was it, Mrs. Hubbard?

15 A It was below me all the way from like all the
16 worldwide organizations.

17 Q This person was the head of the Guardian's office
18 in the United States?

19 A Yes he was continental area.

20 Q And you were the head of the Guardian's office
21 worldwide?

22 A No I wasn't.

23 MR. LITT: Objection.

24 Q BY MR. FLYNN: You were the Controller?

25 A That's correct.

26 Q But you supervised Guardian's office activities
27 worldwide?

28 A I had a general overview of them; correct.

1 Q Now this document says:

2 "Dear Henning,

3 "You mentioned you were interested in
4 other Celebrity Files obtained per the above
5 target.

6 "We have now obtained files on
7 Edmond Brown, Edmond Brown, Jr., Tom Bradley
8 and his wife Ethel."

9 MR. LITT: Has this been marked as an exhibit?

10 MR. FLYNN: May this be?

11 THE COURT: Triple P.

12 Q BY MR. FLYNN: Now, do you know what was the
13 Celebrity Center, Mrs. Hubbard?

14 A The Celebrity Center is a separate organization,
15 church which handles people in the arts and that sort of field.

16 Q Celebrities?

17 A Yes.

18 Q Like John Travolta?

19 A Yes.

20 Q And incidentally, when the raid took place, some
21 80 to 110,000 documents of this type were seized from
22 Mr. Heldt's office?

23 THE COURT: From whom?

24 MR. FLYNN: Henning Heldt's.

25 MR. LITT: The words of this type are vague and
26 ambiguous, Your Honor.

27 Q BY MR. FLYNN: Well, do you know, Mrs. Hubbard?

28 THE COURT: Well, if she knows, she can answer.

29 THE WITNESS: I don't think that that many were taken

1 directly from Mr. Heldt's office, no.

2 Q BY MR. FLYNN: They were taken from other offices,
3 too?

4 A Yes.

5 Q Now we have one that starts off:

6 "To DGUS

7 "Via DGUS Comm AE

8 "Dear Henning:

9 "As called for in target 6, we
10 have collected data from LAIRS for use in
11 ops or branch 1 PR that is entirely in
12 IRS territory. Attached as evidence is data
13 from a celebrity file. This target is done."

14 Dick reponds, "Beautiful."

15 You see that, Mrs. Hubbard?

16 A I can see it, yes.

17 Q Have you seen that document before?

18 A No.

19 MR. FLYNN: May that be marked next, Your Honor?

20 THE COURT: All right, triple O.

21 THE CLERK: Q.

22 THE COURT: Just put a little tail on it.

23 Q BY MR. FLYNN: And as a note, "Have we got any
24 other celebrity files?"

25 Do you know whether in 1976 the organization was
26 involved in litigation with the IRS?

27 A I am sure that different churches had different
28 tax cases on-going with the IRS. I don't think that we had.

1 I don't think the Church of Scientology of California at that
2 time did have.

3 Q And do you know whether information was being
4 collected from wherever it could be collected in connection
5 with that litigation, for example, from celebrity files?

6 MR. HARRIS: Well, in connection with the litigation,
7 what litigation? Assumes a fact not in evidence.

8 MR. FLYNN: The litigation the witness has testified
9 about that was going on in connection with various Churches
10 of Scientology throughout the United States, but not
11 necessarily the Church of Scientology of California.

12 A No, this wouldn't have anything to do with that
13 litigation.

14 Q It would just have to do with getting information,
15 collecting data from LAIRS?

16 A You mean like on the celebrities thing?

17 Q On these particular celebrities, getting their
18 tax information?

19 A I didn't know about this at the time. Subsequently
20 in later litigation I was informed that these files had been
21 obtained and sent to the celebrities by members in the church.

22 Q Now --

23 A So that they could see what IRS was doing to
24 them.

25 Q You controlled basically Guardian's office finance
26 lines; is that correct, Mrs. Hubbard?

27 A No I did not.

28 Q Who did?

1 A I am not -- I don't understand what you are
2 talking about, what the funding of the GO had to do or whether
3 you are talking about the internal financial expenditures
4 of the GO. Which are you talking about?

5 Q Internal financial expenditures, where did that
6 money come from?

7 A Depending upon the church and corporation
8 concerned, it came from that particular church, so you will
9 have to ask something specific.

10 Q Well, did it ever go to GOWW and then get
11 expended for Guardian's office operations?

12 MR. LITT: -- what --

13 THE WITNESS: I don't know.
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1 MR. LITT: Objection.

2 MR. FLYNN: -- come into Guardian's Office Worldwide
3 and then get exposed to Guardian's Office operations?

4 THE WITNESS: Money -- Guardian's Office Worldwide did
5 receive money. And it did disperse money. It paid staff;
6 it bought supplies; what else?

7 Q BY MR. FLYNN: Did it support the B-1 branch of
8 the church?

9 MR. LITT: Objection. Vague as to church. Which?

10 THE COURT: Sustained.

11 Q BY MR. FLYNN: Did it support the B-1 branch of
12 the religion of Scientology?

13 A It supported -- at WW their income and whatever
14 they had supported their Information Bureau at Worldwide.

15 Q What is the most fundamental practice of
16 Scientology with regard to counseling? Is it the auditing
17 process?

18 A I think it is a combination of counseling and
19 training.

20 MR. FLYNN: We have a document, Your Honor, "Excerpt
21 of Ira PC files." Dated sometime in 1977.

22 May that be marked as RRR?

23 THE COURT: RRR.

24 Q BY MR. FLYNN: "Dear Cindy. Here is the
25 pertinent data from Ira's PC files."

26 Do you know who Cindy is?

27 A That might refer to Cindy Raymond.

28 Q Who is Cindy Raymond?

46-2
1 A She worked at the U.S. Guardian's Office.

2 Q And there are references on the first page about
3 the person's, for example, masturbation practices, that type
4 of thing, Mrs. Hubbard, at the bottom.

5 MR. LITT: Objection. The document speaks for itself.

6 THE COURT: Not as yet. It is not in evidence.

7 MR. LITT: It still speaks for itself, Your Honor.

8 THE COURT: Do you want to stipulate it can come into
9 evidence?

10 MR. LITT: No.

11 THE WITNESS: Yes. Have you got something on
12 masturbation? You keep asking me about it.

13 Q BY MR. FLYNN: Do you think your organization
14 was interested in those types of things from a person's PC
15 files, Mrs. Hubbard?

16 A I don't know.

17 I am looking at documents that seem to indicate
18 that there was, yes, Mr. Flynn.

19 Q And those documents were obtained by the B-1
20 Bureau from a person's PC files, at least, on the face of
21 the document?

22 MR. LITT: Objection. That calls for a conclusion.

23 The witness says she knows nothing --

24 THE COURT: She can answer if it appears that way.

25 THE WITNESS: I am not certain exactly what they got
26 this for.

27 Q BY MR. FLYNN: So if there was an entire Hat Pack
28 that related to B-1 activities that included a program order

1 that related to processing files and collecting that type
2 of information, it is your testimony you don't know anything
3 about the creation of such a Hat Pack; is that correct?

4 A That is correct.

5 MR. LITT: Objection. Asked and answered.

6 THE COURT: He put it in a different context.

7 Overruled.

8 Q BY MR. FLYNN: With regard to exhibit 000,
9 Mrs. Hubbard, who is the CSG?

10 A That would have been myself.

11 Q Commodore Self-Guardian?

12 A Yes.

13 Q And on the routing, at least per the routing,
14 that went to you; is that correct?

15 A It would have gone to my controller and my
16 controller would have decided -- my communicator and my
17 communicator would have decided whether I was to receive this
18 or not receive this.

19 Q This routing says "CSG COM" and then after that
20 "CSG"?

21 A That is what it says. What actually happens is
22 two different things.

23 Q So your communicator would have made that
24 decision?

25 A That is correct.

26 Q Mrs. Hubbard, do you know Dr. Eugene Denk?

27 A I do.

28 Q When did you last see him?

46-4

- 1 A It must have been in January, '83.
- 2 Q January '83; do you recall seeing him in October,
3 1983?
- 4 A No. I don't recall seeing him in October, '83.
- 5 Q Do you recall whether Diana and Arthur saw him
6 in October, 1983?
- 7 A I don't think so.
- 8 Q Is he your doctor?
- 9 A He is my doctor, yes.
- 10 Q Is he your husband's doctor?
- 11 A Not that I know of.
- 12 Q In 1979 at Gilman Hot Springs with Kima Douglas
13 did he save your husband's life from a pulmonary embolism?
- 14 A He attended my husband at that time, yes.
- 15 Q And he gave him --
- 16 MR. LITT: Objection. What is the relevance, Your
17 Honor?
- 18 THE COURT: I don't know.
- 19 I'll sustain the objection.
- 20 Q BY MR. FLYNN: In your direct examination you
21 testified that you knew of no person who is in communication
22 with your husband; do you recall that testimony?
- 23 A That is correct.
- 24 Q And do you know whether Dr. Denk is in
25 communication with your husband?
- 26 A I don't believe he is, no.
- 27 Q And Pat Broeker; do you know whether he is in
28 communication with your husband?

1 A I don't know.

2 Q Ann Broeker; do you know whether she is in
3 communication with your husband?

4 A I don't know.

5 Q And David Miscavige; do you know whether he is
6 in communication with your husband?

7 A I don't know.

8 Q What is the "Hidden Data Line," Mrs. Hubbard?

9 A That is someone giving technical information to
10 the public in relationship to Scientology which is not --
11 which they pretend is something that is in the technical
12 materials, but which is not.

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1 Q Well with regard to who is running the Church
2 of Scientology while your husband is in seclusion, have you
3 heard of something called "The Hidden Data Line" about
4 communications to and from your husband?

5 MR. HARRIS: Well, objection. It is compound and calls
6 for a conclusion and also calls for hearsay. Have you heard
7 about?

8 THE COURT: Well it is a preliminary question. You
9 can answer that question yes or no.

10 THE WITNESS: I have never heard of such a thing as
11 Hidden Date Line in that particular context.

12 Q BY MR. FLYNN: Do you have any knowledge whether
13 in the last three years the organization, it has been
14 represented on a continual basis to organizational staff that
15 management is coming down from your husband through the
16 Broekers and David Miscavige and their orders are to be
17 obeyed based on that communication link?

18 MR. HARRIS: Objection; compound.

19 THE COURT: Well I will sustain the objection.

20 THE WITNESS: I have never heard of anything like that.

21 MR. HARRIS: Please, Mrs. Hubbard, when I object and
22 the judge sustains the objection, don't answer.

23 THE WITNESS: Oh, I am sorry.

24 THE COURT: Oh, we will let the answer stand. She
25 hasn't heard about it.

26 Q BY MR. FLYNN: So you wouldn't know anything
27 about the upper level management levels right now of the
28 organization, about the fact that everyone is relying on a

47-2

1 comm line through Miscavige?

2 MR. LITT: Objection; assumes facts not in evidence.

3 THE COURT: Sustained.

4 Q BY MR. FLYNN: Was it the practice of the
5 organization to obtain undated letters of resignation from
6 members of the board of directors in the 1970's and 1980,
7 Mrs. Hubbard?

8 A Yes, at some points, yes.

9 Q And they went into the Guardian's office; is
10 that correct?

11 A That is correct.

12 Q Without going into the details, Mrs. Hubbard,
13 would you state what authority, if any, you had in connection
14 with the MCCS project?

15 A I had general sort of like co-supervision of
16 that project.

17 Q And who was the head of that project?

18 A Laurel Sullivan.

19 THE COURT: I am sorry?

20 THE WITNESS: Laurel Sullivan.

21 Q BY MR. FLYNN: And Laurel Sullivan went back in
22 terms of years with your husband back to 1966 or '67?

23 A I don't know what you mean with my husband.
24 She went back in Scientology to 1967.

25 Q And she was your husband's public relations
26 representative for many years; is that correct?

27 A At different times, yes.

28 Q Now, as public relations representative, it was

7-3

1 Laurel Sullivan's responsibility and duty to handle public
2 relations questions about L. Ron Hubbard; is that correct?

3 A Possibly, yes, part of the overall public
4 relations, yes.

5 Q So if a Scientologist and/or someone from the
6 outside came and asked, well, for example, if the document
7 "What Your Fees Buy" is true, it would be Miss Sullivan's
8 responsibility to respond to that question; is that correct?

9 A No.

10 MR. HARRIS: It is compound and calls for speculation
11 and a conclusion.

12 THE COURT: You want to read the question back.

13 (Record read.)

14 THE COURT: Assuming the question was directed
15 to her, would it be her responsibility to answer that?
16 You can answer that.

17 THE WITNESS: I think that Laurel Sullivan would
18 not have handled that sort of thing. I think that would
19 have been more done down at a local level.

20 Q BY MR. FLYNN: At a local level?

21 A I think she would have -- I mean, I don't --
22 never studied her post or anything like that, but I think
23 that she would have more of a broad planning type of
24 action and be more senior to that type of thing.

25 Q Well it would be her responsibility to
26 develop a PR line on L. Ron Hubbard?

27 A To handle broad public relations type of
28 actions, yes.

47-4

1 Q So if questions came back up the lines
2 about whether L. Ron Hubbard was controlling the church
3 or receiving church funds, those types of questions,
4 if those came up lines, she in her public relations capacity
5 would have to sort that out and answer them; is that correct?

6 MR. HARRIS: Objection; compound, calls for speculation
7 and a conclusion.

8 THE COURT: Well are we talking about when Mrs. Hubbard
9 was the Controller of the church?

10 MR. FLYNN: While she is Controller.

11 THE COURT: You can answer that.

12 THE WITNESS: Well I don't know what she would have
13 coming up her lines, whether something like that might come up
14 her lines or not. I don't know.

15 Q BY MR. FLYNN: Well, for example, if someone
16 came to her and said, "Your husband is not a nuclear physicist."

17 MR. LITT: Same objection.

18 THE COURT: I haven't heard the question completely yet.

19 Q BY MR. FLYNN: Do you know whether it would be
20 Laurel Sullivan's responsibility to find out is he a nuclear
21 physicist and respond to it on the PR line?

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1 MR. HARRIS: Same objection; also compound.

2 THE COURT: Overuled.

3 THE WITNESS: I don't know. It might -- that might
4 have happened. I really don't know.

5 MR. FLYNN: Thank you, Mrs. Hubbard.

6 THE COURT: Mr. Litt.

7

8

CROSS-EXAMINATION

9

BY MR. LITT:

10 Q Mrs. Hubbard, Mr. Flynn showed you maybe 10 or
11 so pages of materials that he asked you about making reference
12 to pre-clear folders and discussions of what might be in them
13 and asked you whether you had seen those before, none of which
14 you had seen before.

15 Were you able to recognize what the apparent
16 source of any of them was from any numbers that were on top
17 of the documents?

18 A Yes.

19 Q And what conclusion were you able to reach?

20 A That those were part of the seized documents that
21 were seized by the FBI in their raid upon the church.

22 Q Or apparent copies?

23 A Apparent copies of same, yes.

24 Q Now, how many documents were seized by the FBI
25 from the church in 1977?

26 A About --

27 THE COURT: Let's be more specific.

28 Are you talking about the Church of Scientology

48. 1 of California?

2 Q BY MR. LITT: The Church of Scientology of
3 California.

4 A About 200,000 documents.

5 Q And do you know what percentage 10 pages of
6 200,000 --

7 A Well, I'm not a mathematical genius, but that
8 is a minor percentage.

9 Q Now, one of these documents Mr. Flynn showed you
10 had a routing on it, a carbon copy of a CSG which was another
11 term used for controller; is that correct?

12 A Yes.

13 Q Within your office of the controller how many
14 staff did you have that worked under you?

15 A I had approximately --

16 Q Let's take -- well --

17 A -- about 10.

18 Q And approximately -- taking the years -- let's
19 take the years that the raid occurred, 1977, the FBI search;
20 roughly how many, if you know, pages of documents would come
21 into the office of the controller per week?

22 A I would say roughly about 100,000 or more pieces
23 of paper.

24 Q And of that percentage, of that amount would you
25 see all of those and review them?

26 A No, not all of them.

27 Q Would you see even 1 percent of them?

28 A No. I would say less than 1 percent.

1 Q And with respect to the document LLL which you
2 said your communicator would see, that occurred in 1972;
3 you had fewer staff then, is that right?

4 A That is correct.

5 Q But everything would still go through your
6 communicator before anything would go to you?

7 A That is correct.

8 Q Now, Mrs. Hubbard, take a look at 000.

9 There are some notations at the top of 000; is
10 that right? You see them where the carbon copies are, there
11 is a routing on the left and then a CC on the right; is that
12 correct?

13 A Yes.

14 Q And the routing is who the documents go to through
15 a chain; is that correct?

16 A That is correct.

17 Q And the carbon copies are not part of that
18 routing, but there are additional copies that are sent; is
19 that right?

20 A Correct.

21 Q Now, do the notations at the top in the absence
22 of any signing off under your communicator indicate anything
23 about whether or not it was received by your communicator?

24 A It indicates if it isn't signed off, my
25 communicator didn't receive it.

26 Q Mrs. Hubbard, while you held the post of
27 controller did you ever direct anyone to go through any
28 pre-clear folders?

1 A No, I did not.

2 Q And if that occurred at any time, was it done
3 with your knowledge or authorization?

4 A No.

5 Q Personal knowledge or authorization?

6 A No, it was not.

7 Q The documents taken at the time of the search
8 of the Church of Scientology of California facilities in 1977,
9 can you give us -- do you know roughly the scope of the search
10 that that entailed?

11 A Do you mean the premises, or what?

12 Q The scope of the types of documents taken.

13 A I'm not sure I understand your question. Sorry.

14 Q My question, really, is are you able to summarize
15 in general what materials were taken in the course of that
16 raid; in other words, were there whole file cabinets of
17 materials taken?

18 A Oh, yes. They just -- the FBI agents simply
19 grabbed out huge file folders of things and took the whole
20 file of materials.

21 Q And this was from throughout Guardian offices
22 that were located at the Cedars Complex?

23 A That is correct. And the various -- and the
24 Information area, the Information Bureau area; the office
25 of the deputy Guardian U.S. and in their communications
26 offices and other offices.

27 Q Thank you.

28 Nothing further.

1 MR. FLYNN: I have a couple.

2 MR. LITT: Mr. Harris has some questions.

3
4 CROSS-EXAMINATION

5 BY MR. HARRIS:

6 Q Mrs. Hubbard, the MSH OTC account, was that your
7 personal account?

8 A No, it wasn't.

9 Q Why was it the Mary Sue Hubbard OTC account, if
10 you know?

11 A The bank wouldn't permit us to open it in the
12 corporate name alone. It required either my name or my
13 husband's name.

49-1

1 Q And was there an LRH OTC account as well?

2 A There was, yes.

3 Q And during that period of time we are talking
4 about from 1967 to about '68?

5 A That is correct.

6 Q When these accounts were open?

7 A That is correct.

8 Q And after 1968, was there ever again an LRH
9 OTC account to your knowledge?

10 A No, there was not.

11 Q And was there ever an MSH OTC to your account to
12 your knowledge?

13 A No there never was again.

14 Q And it was only those accounts in Valencia
15 that had those designations so far as you know?

16 A Yes.

17 Q You mentioned that OTC turned over its assets to
18 a trust; is that trust Scientology Endowment Trust?

19 A It is.

20 Q And have you seen the trust instrument in respect
21 to Scientology Endowment Trust?

22 A I have.

23 Q And are you aware that it is a 501 CC, recognized
24 Internal Revenue Service trust?

25 A I am aware of that.

26 MR. HARRIS: I'd like to reserve, Your Honor, because
27 I have the trust instrument but it is on its way down, to
28 mark it later.

49-2

1 THE COURT: All right.

2 MR. HARRIS: No further questions.

3 MR. LITT: Can we have a stipulation that what will be
4 produced would have been the trust instrument identified by
5 Mrs. Hubbard?

6 THE COURT: I am sure you can work out a stipulation
7 that she be deemed to have identified that.

8 MR. FLYNN: That is not a problem.

9
10 REDIRECT EXAMINATION

11 BY MR. FLYNN:

12 Q Mrs. Hubbard, you are familiar with this trust?

13 A Yes.

14 Q Were you involved in setting that up?

15 A To a certain extent, yes.

16 Q And you were involved in setting up RRF's; is
17 that correct?

18 MR. LITT: Objection; asked and answered, Your Honor.
19 We went through this.

20 THE COURT: I will sustain the objection.

21 Q BY MR. FLYNN: Now, Mr. Litt asked you a question
22 about the number of documents that were seized and you gave
23 the number 200,000.

24 Now the bulk of those documents have remained
25 sealed from the date that they were seized by the Federal
26 Bureau of Investigation; isn't that correct?

27 A No, that isn't correct, not to my knowledge.

28 Q There were a few thousand documents, perhaps

49-3

1 10- or 15,000 documents of the 200,000 that were unsealed
2 for approximately nine months?

3 A I don't know what quantities. I know that they
4 were unsealed for a period of time and then resealed by the
5 judge.

6 Q And the documents that were unsealed, isn't it
7 a fact that those are the documents that basically dealt with
8 criminal operations such as Operation Freak Out and not with
9 regard to PC files?

10 MR. LITT: Your Honor, this operation really has nothing
11 to do -- what are we doing now? The point of my examination
12 was simply that Mr. Flynn has taken 10 pages out of several
13 tens of thousands.

14 THE COURT: What I would conclude, he wants to show
15 that there were perhaps 90 percent of the documents that he
16 couldn't get access to.

17 MR. LITT: Then let him testify to that, but what does
18 showing a particular document have to do with establishing
19 that?

20 THE COURT: I am not sure.

21 MR. LITT: So it is not relevant.

22 THE COURT: I haven't heard any question yet.

23 Q BY MR. FLYNN: Mrs. Hubbard, you know that only
24 very small portion of the documents were unsealed for nine
25 months; isn't that correct?

26 A I don't know.

27 Q And the government unsealed the documents that
28 related to Operation Snow White for the most part and the

49-4

1 criminal activities of the Guardian's office?

2 MR. HARRIS: Well I will object to that as assuming a
3 fact not in evidence, to wit: That the government did; a
4 judge did.

5 Q BY MR. FLYNN: A Federal district judge in
6 Washington -- let me withdraw the question.

7 Do you remember signing a 286 page stipulation
8 of evidence?

9 MR. LITT: Objection; irrelevant.

10 THE COURT: Well it is preliminary. Overruled.

11 THE WITNESS: Yes, I do.

12 Q BY MR. FLYNN: And there were 1,500 exhibit
13 numbers attached to that stipulation of evidence; isn't that
14 correct?

15 A I don't know the number, no. I don't know.

16 Q Thousands of pages of exhibits; isn't that
17 correct?

18 A It seemed like it was about that thick
19 (indicating). Whether that is thousands --

20 Q About three or four inches of exhibits?

21 A Possibly.

22 Q And isn't it a fact that what the district judge
23 unsealed of the 200,000 were for the most part documents
24 relating to criminal operations of the Guardian's office
25 involving the indictment?

26 A I don't know.

27 MR. LITT: Objection; asked and answered.

28 THE COURT: Well, purportedly or allegedly criminal

49-5

1 operations.

2 Q BY MR. FLYNN: Allegedly criminal.

3 A I don't know. I never saw what he unsealed.

4 Q And the bulk of the unsealed documents that
5 dealt with private matters such as are set forth in these
6 few that have been introduced, you know that those have never
7 been unsealed; don't you?

8 A I think that they were unsealed.

9 Q Other than the few that we have?

10 A I don't know.

11 Q Well these other 200,000 or whatever number
12 it is pages that have never been unsealed that were seized,
13 do you have any idea what they relate to?

14 A No I didn't see all the documents.

15 Q In fact, the government missed another 600,000
16 documents under Operation Red Box that was kept in a separate
17 location?

18 A I don't know that. I don't know how you know
19 it either.

20 Q You have heard of Red Box?

21 A I heard of Red Box, yes, in connection with
22 this case.

23 Q And what is Red Box?

24 A Red Box was where certain people had confidential
25 files within their possession in a briefcase, and if there
26 was going to be any attempt by the government to -- to attack
27 the church, they were then to take these documents from their
28 briefcases out with them.

1 Q BY MR. FLYNN: Now, you indicated that you never
2 authorized nor issued orders to have someone go through PC
3 files; is that correct?

4 A That is correct.

5 Q And Guardian Program Order 121669, you already
6 testified that was not for that purpose?

7 A That is correct.

8 THE COURT: I am a little confused.

9 You were controller?

10 THE WITNESS: Yes, sir.

11 THE COURT: Of the Guardians?

12 THE WITNESS: Yes, sir.

13 THE COURT: Worldwide?

14 THE WITNESS: Yes, sir.

15 THE COURT: What is the relationship between the
16 Guardians of the United States and the Guardians Worldwide
17 during that period of time?

18 THE WITNESS: It was that the Guardian's Office
19 Worldwide, we had sort of like a structure where each
20 separate church had a Guardian's office. And then each
21 continental area, there was a group of people who helped the
22 local Guardian's office and helped supervise them generally.

23 And then at the WW level there was the overall
24 supervision of each one of the continental Guardian's
25 Offices.

26 THE COURT: So you were above them and supervised the
27 Guardian's Office United States?

28 THE WITNESS: I supervised the Guardian's Office

1 Worldwide.

2 THE COURT: But the Guardian's Office Worldwide
3 supervised the Guardian's Office United States; didn't they?

4 THE WITNESS: Well, I mean they could. They did.

5 THE COURT: You were responsible and accountable for
6 their actions; correct?

7 THE WITNESS: That is correct.

8 THE COURT: When you promulgated orders or directives
9 or policies, you anticipated that they would be followed;
10 didn't you?

11 THE WITNESS: That is correct, Your Honor. Yes.

12 Q BY MR. FLYNN: Mr. Litt asked you some questions
13 about the number of documents that were coming into your
14 office a week. And you said 100,000 per week?

15 A Yes.

16 Q That's called "traffic" in Scientology?

17 A That is correct.

18 Q In order to handle that volume of traffic, you
19 had to create a system; is that correct?

20 A Yes, i did.

21 Q In the entire Guardian's Office the work was
22 based on a system; is that correct?

23 A An administrative system, yes.

24 Q With command lines down from the top; is that
25 correct?

26 A Yes. There were command lines.

27 Q Do you know whether your husband ordered PC files
28 to be culled?

1 A I have no direct knowledge of that, but I never
2 saw him or heard him issue any such order.

3 Q Do you know whether or not in 1981 he issued a
4 dispatch to have Bill Frank's PC files culled?

5 A I don't know that.

6 Q Do you know whether he issued an order to have
7 the PC files of your daughter's husband culled?

8 A I don't know that.

9 Q Mrs. Hubbard, in the 1960 -- strike that -- in
10 the 1970's did the Guardian's Office infiltrate or penetrate
11 126 State, Federal, and private agencies to gain information?

12 MR. LITT: Objection, Your Honor.

13 THE COURT: I'll sustain the objection.

14 Q BY MR. FLYNN: Referring to exhibit 500-52 dated
15 April 13, 1967, a letter to "Dear Ron" from "Monica," there
16 are various accounts set forth in Swiss bank accounts; is
17 that correct, Mrs. Hubbard?

18 A Yes.

19 Q Scientology Mission account; LRH personal
20 account?

21 A Uh-huh.

22 Q LRH blocked AC cover guarantee?

23 A Uh-huh.

24 Q LRH trustee account?

25 A Uh-huh.

26 Q Another LRH trustee account?

27 A Uh-huh.

28 Q At least on this exhibit on that date how much

1 money was in the two LRH trustee accounts?

2 A \$325 in the one LRH trustee account and \$727 in
3 another LRH trustee account.

4 Q How much was in his personal account?

5 A \$55,551 in his personal account.

6 Q How much was in the Scientology Mission account?

7 A \$161,616.

8 Q Do you have any idea of the number of bank
9 accounts your husband has in various places throughout the
10 world, including Liechtenstein, Switzerland, Luxemburg --

11 MR. LITT: Objection. Assumes facts not in evidence.

12 If this is Mr. Flynn testifying to the bank
13 accounts, which it appears to be --

14 THE COURT: I'll permit her to answer the question.

15 You may answer.

16 THE WITNESS: To the best of my knowledge, my husband
17 has no Swiss accounts.

18 I know he has an account or, at least, when I
19 was handling his accounts, he had an account in American,
20 one account.

21 I'm not certain, but I think there might have
22 been another account in Luxemburg.

23 MR. FLYNN: Thank you, Mrs. Hubbard.

24 THE COURT: Anything further, Mr. Litt?

25 MR. LITT: Yes, Your Honor.
26
27
28

RECROSS-EXAMINATION

1
2 BY MR. LITT:

3 Q Mrs. Hubbard, the Red Box Mr. Flynn asked you
4 about, when did you learn about that?

5 A I learned about that during a deposition for one
6 of the suits that Mr. -- I believe it is one of Mr. Flynn's
7 associated attorneys suing me on. And it was brought up in
8 my deposition.

9 Q And you were presented some documents with
10 respect to Red Box?

11 A That is correct.

12 Q Was that the first time you had seen those
13 documents?

14 A That is correct.

15 Q Did you see those documents -- did you see
16 anything about Red Box when it was prepared?

17 A No, I did not.

18 Q All right. Now, I asked you a question and the
19 court asked some questions. And I want to make sure that
20 the question I was asking was clear.

21 If there was any -- within the Guardian's Office
22 anybody did go through pre-clear folders at any time, my
23 question to you is not whether from an organizational
24 perspective you were responsible, but were you aware that
25 that in fact was occurring?

26 A No, I was not at the time, no.

27 MR. LITT: Thank you.

28 THE COURT: Mr. Harris, anything further?

1 MR. HARRIS: No, Your Honor.

2 THE COURT: Mr. Flynn?

3 MR. FLYNN: Nothing, Your Honor.

4 THE COURT: You may step down.

5 MR. FLYNN: May that be marked next in order, Your
6 Honor?

7 MR. LITT: We object. It has no relevance whatsoever.

8 THE COURT: It can be marked.

9 He showed it to the witness.

10 That is SSS.

11 RRR is excerption of Ira H. PC files.

12 MR. FLYNN: The relevance, Your Honor, is in
13 relationship to Mr. Armstrong's testimony that there were
14 enemies outside of the organization who were not staff
15 members that the Fair Game Doctrine was applied against.

16 THE COURT: I gues we can resume, then, with
17 Mr. Armstrong for 10 minutes.

18
19 GERALD ARMSTRONG,
20 resumed the stand, having been previously duly sworn, and
21 testified further as follows:

22 THE COURT: You have already been sworn, sir. Have
23 a seat.

24 State your name again for the record. You are
25 still under oath.

26 THE WITNESS: Gerald Armstrong.

27 THE COURT: You may continue, Mr. Flynn.
28

REDIRECT EXAMINATION (Resumed)

BY MR. FLYNN:

Q Mr. Armstrong, very quickly, I would like to cover the subject of the mob attacking the ship and the claim of religious persecution that Mr. Harris asked you about.

What was your understanding at the time on board the ship as to why the mob attacked the ship?

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1 MR. HARRIS: Well as I recall the testimony, Your
2 Honor, the witness said he was in Portugal and was in Lisbon
3 and was called someplace and heard about it, so I take it --

4 THE COURT: I think you developed some questions about
5 what he heard about it.

6 MR. HARRIS: All right.

7 THE COURT: I just want to understand that is his state
8 of mind, what he's heard about it.

9 THE WITNESS: I was very familiar with the situation
10 because I had dealt with a rumor which instigated the attack
11 for several months prior to that, and it and it had to do with
12 the local people's feeling that we were either part of
13 the CIA, connected to the CIA or in some way an intelligence
14 organization. We were continually called the Mystery Ship,
15 and it was not in regard to Scientology but in regard to the
16 local people feeling that we were intelligence or CIA connected.

17 Q BY MR. FLYNN: And what was your state of mind
18 at that time as to why people felt that you were CIA connected?

19 A Well I was of two frames of mind, I guess. There
20 was the internal PR which we put out and that was that we
21 were being persecuted and that this whole thing was, in fact,
22 an intelligence operation initiated by the CIA because we had
23 at that time or Scientology had at that time brought a
24 \$750 million lawsuit, I believe naming the CIA, but at least
25 naming Kissinger and the defense intelligence agency and
26 perhaps more governmental agencies.

27 We long inside the organization put out the
28 story that the British and American Consuls, wherever we went,

51-2

1 were part of the enemy network.

2 Then there was the reality of what was happening,
3 and that was the fact that we were secretive. We were lying
4 to the local people about what we were doing. We brought
5 them on board and toured them through a small part of the ship
6 and kept the rest of it absolutely off limits, and it was
7 obvious to anyone that we were not this world renowned
8 management company because a lot of the people on board were
9 walking around in rags.

10 We had an RPF operating on board, and it
11 certainly didn't look like a management company but tended to
12 look more like a prison ship above decks and like a classy
13 intelligence operation at times below decks. So it was little
14 wonder that the locals believed that we were a Mystery Ship.

15 We would never the questions directly. They
16 knew we were something different from what we were claiming,
17 and it was all of the operations in which we were involved.

18 During that period I was involved in both legal
19 and public relations activities and dealing at various high
20 levels with the local police, local -- the Governor of the
21 island of Madeira, with the British and American officials,
22 so there was a great deal of mistrust generated because of our
23 shore stories and because of the fact that we were operating
24 secretively.

25 Q And for instance, when people came on board,
26 was there a practice of turning over pictures of L. Ron Hubbard
27 and items like that?

28 A Well, yes. There was always a part of the

51-3

1 ship which was -- in which we could call a "Clean Ship Drill."
2 There was a drill called Clean Ship Drill, and it simply
3 would be announced and passed on and immediately the ship
4 would be transformed into something different, so that an
5 official could come on board, we could pass the word "Clean
6 Ship Drill" and any Scientology materials were whisked out of
7 the way. Things would just look completely different.

8 Q Now, in Morocco, was the organization involved
9 in training Moroccan intelligence?

10 A Well in 1972 we moved off the ship a number of
11 people who spoke some French, our best French-speaking people
12 and people who could operate an E meter, and there was a
13 program initiated by Mr. Hubbard in 1972 which involved the
14 security checking of Moroccan officials and training Moroccan
15 intelligence in the use of the E meter to be used as a lie
16 detector in detecting enemies of the king and the party then
17 in control in Morocco.

18 Q And who was that?

19 A The king?

20 Q The person in control that the organization
21 dealt with, if you know.

22 MR. HARRIS: Really, is this within the scope of redirect
23 examination, Your Honor?

24 THE COURT: Well we only have about three minutes left,
25 so we will explore this. It is interesting anyway.

26 MR. HARRIS: Indeed.

27 THE WITNESS: There were a number of contacts that we
28 had into the Moroccan government. One was a Colonel Alam of

51-4

1 the Moroccan military, and there was a person who worked
2 closely with us. His name was Laedi Liouisi. He was a man
3 and he had contacts. He was a member of one of the major
4 families in Morocco and through him and through the contacts
5 that we had in the military and contacts with various lower
6 officials within Morocco, this program was initiated to do the
7 intelligence training.

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1 Q Now, Laedi Liouisi, was that person subsequently
2 executed?

3 MR. HARRIS: That is by the witness' personal knowledge
4 and did he know the individual, or is this all state of mind
5 still at this point?

6 THE COURT: I don't know what the execution would have
7 to do with it.

8 MR. FLYNN: I'll withdraw it, Your Honor.

9 It has to do with the perceptions of these
10 various governments toward the ship.

11 Q In any event, in Curocao did the government there
12 find out that you were connected to the Church of
13 Scientology?

14 A Well, they found out. I don't know exactly how
15 they found out.

16 But in order to handle the SIA rumor and the
17 Intelligence Information rumor, we took the lid off the
18 Scientology thing, the shore story at that point, the OTC
19 shore story and began to admit at that point that Scientology
20 was our major client or a major client; thus, connecting us
21 on a public relations and a visual level with Scientology.
22 And the reason for that was to dead agent the CIA rumor on
23 the theory that how could we possibly be connected with the
24 CIA? We are connected with Scientology who we are suing the
25 CIA.

26 Q What happened?

27 A In Curacao?

28 Q When you uncovered that cover, what was the

1 result?

2 A I guess the initial result was we were not kicked
3 out of that court, maintaining the OTC cover.

4 We had, just prior to that, been kicked out of
5 Barbados; kicked out of Trinidad; not allowed into Jamaica.
6 We had gone to Jamaica once and then we heard we were not
7 allowed back in.

8 And there was another couple of ports where we
9 got the same; we had the same problem.

10 Spain, we ran into that problem; Tenerife in the
11 Canary Islands. And I guess there were four or five ports.
12 And it was the CIA rumor which kept cropping up.

13 Q One last question, Mr. Armstrong: in 1980-1981
14 what was your state of mind as to why these cover stories
15 were necessary on board the Apollo, or had been necessary
16 when you were on board the Apollo?

17 A Well, what became obvious to me after awhile was
18 that in fact Scientology was not being persecuted at all,
19 but Mr. Hubbard was simply on the run.

20 THE COURT: We'll take our recess at this time. We'll
21 reconvene tomorrow morning at 9:30, hopefully.

22 (At 4:02 p.m., an adjournment was taken
23 until Wednesday, May 23, 1984; at
24 9:30 a.m.)
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28